DOCUMENT RESUME

ED 256 841 UD 024 212

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TITLE No Strings Attached: An Interim Report on the New Education Block Grant. NCCE Occasional Papers.
INSTITUTION National Committee for Citizens in Education, Columbia, Md.
SPONS AGENCY Mott (C.S.) Foundation, Flint, Mich.
PUB DATE Sep 83
NOTE 124p.
AVAILABLE FROM National Committee for Citizens in Education, 410 Wilde Lake Village Green, Columbia, MD 21044 ($4.25 plus handling).
PUB TYPE Reports - General (140)

EDRS PRICE MF01/PC05 Plus Postage.
DESCRIPTORS Accountability; *Block Grants; Case Studies; *Citizen Participation; *Educational Finance; Educational Policy; Elementary Secondary Education; Equal Education; Federal Aid; Federal Legislation; Federal State Relationship; Parent Role; Politics of Education; Program Evaluation; Resource Allocation; *School District Spending; State School District Relationship
IDENTIFIERS California; *Education Consolidation Improvement Act Chapter 2; Funding Formulas; New Jersey; Ohio; Rhode Island; South Carolina; South Dakota; State Advisory Committees; Washington

ABSTRACT

The effects of Chapter 2 block grants on fund distribution, programs, and school district spending, and the role played in Chapter 2 implementation by parents and citizens were investigated. Interim findings include the following: (1) there has been a massive redistribution of Federal funds away from States serving large numbers of poor nonwhite children; (2) small school districts are winning small amounts of money, big districts are losing very large amounts; (3) there has been a pronounced shift away from support of competitive grants in local districts for school improvement projects; (4) 88% of local districts are spending more than half of their grants for materials, about 30% are supporting school improvement projects, and about 15% are supporting guidance and testing programs or programs for the gifted; most other categorical programs are not being funded at all by most school districts (only 5.7% are funding desegregation programs); and nearly 50% are spending money on computers. Following presentation of these findings, the role of the state education agency (SEA) and of the State advisory committee (SAC) is analysed and seven case studies (written by parents or educational activists) describe how SACs have served (or not served) as vehicles for public involvement in California (Myron Puckett); New Jersey (Vernell Patrick); Ohio (Carla Edlefson); Rhode Island (Eleanor King); South Carolina (Joy Sovde); South Dakota (Phyllis Willging); and Washington (Pamela Keating). Appendices present State demographic material, material on funding formulas and SEA Chapter 2 spending, Chapter 2's text, and nonregulatory guidelines on public involvement. (CMG)

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No Strings Attached: An Interim Report on the New Education Block Grant

Edited by

Anne Henderson

This report is part of a project being conducted by the National Committee for Citizens in Education to help parents and citizens work with a new education law. The project, which has established an information clearinghouse on Chapter 2 (the education block grant) has been funded by the Charles Stewart Mott Foundation.

Acknowledgements

Especial thanks to Bill Rioux, NCCE Associate for Publications, to Marian Hoffman, our expert editor, to Marian Thompson, who assisted greatly in data collection and analysis, to Beverly Norbeck, who edited, typed, and produced, and, of course, a special debt of gratitude to the author of each case study.

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TABLE OF CONTENTS

SECTION I: AN INTRODUCTION TO CHAPTER 2	1
Background	2
Structure and Funding	3
The Public Role	5
SECTION II: FINDINGS TO DATE	9
Changes in the Distribution of Funds	9
Changes in Local Distribution	12
Previous Formulas	17
Changes in How Funds are Used	18
Programs for Improvement	20
Changes in Local Spending	23
SECTION III: PARENT AND PUBLIC INVOLVEMENT IN CHAPTER 2 An Introduction to the Case Studies	27
A Shift in Governance	27
SAC Influence on the Formulas	28
SAC Influence on State Programs	31
Accountability in Chapter 2	35
California Case Study (by Myron Puckett)	39
New Jersey Case Study (by Verneil Patrick)	47
Ohio Case Study (by Carla Edlefson)	53
Rhode Island Case Study (by Eleanor King)	61
South Carolina Case Study (by Joy Sovde)	69
South Dakota Case Study (by Phyllis Willging)	81
Washington Case Study (by Pamela Keating)	91
BIBLIOGRAPHY	101
APPENDIX I: A Demographic File on the States	102
APPENDIX II: ESEA Title IV-B Formulas	103
APPENDIX III: SEA Spending of Chapter 2 (from May 1983 NETWORK)	104
APPENDIX IV: ECIA, Chapter 2 (the full text of the law)	105
APPENDIX V: Nonregulatory Guidance on Public Involvement	118

LIST OF CHARTS AND TABLES

SECTION I: AN INTRODUCTION TO CHAPTER 2

A Diagram of the Chapter 2 Process 4
The Three Parts of Chapter 2: A, B, and C 5

SECTION II: FINDINGS TO DATE

States' Gains and Losses Under Chapter 2 9-10
Big Winners vs. Big Losers in Chapter 2 12
Chapter 2 Formulas: State Comparisons 14
A Comparison of Chapter 2 with Title IV-B Formulas:
A Composite State Average 17
State Education Agency Chapter 2 Programs
States that Have Competitive Grant Programs Under Chapter 2 19
1982-83 Funding of Previous Categorical Programs 22
School District Spending of 1982-83 Chapter 2 Funds 24
25

SECTION III: PARENT AND PUBLIC INVOLVEMENT IN CHAPTER 2,
An Introduction to the Case Studies

Profiles of the State Advisory Committees 28
State Governance Profiles 29
State Chapter 2 Formulas: The SAC Effect 31
A Comparison of Funding for SEAs: Before and After Chapter 2 32

Vital Education Statistics: California 39
Vital Education Statistics: New Jersey 47
Vital Education Statistics: Ohio 53
Vital Education Statistics: Rhode Island 61
Vital Education Statistics: South Carolina 69
Vital Education Statistics: South Dakota 81
Vital Education Statistics: Washington 91

SECTION I: AN INTRODUCTION TO CHAPTER 2

Shortly after the Reagan Administration took office, Congress repealed the landmark Elementary and Secondary Education Act of 1965 (ESEA), the legislation that for the first time delivered substantial federal aid to local schools. ESEA was replaced by the Education Consolidation and Improvement Act (ECIA), which contains Chapter 1 (a stripped-down version of the old ESEA Title I program of compensatory education for poor children), and Chapter 2, the new block grant (a consolidation of some 28 former programs).

Although Chapter 2 is a relatively small program (the average state grant is about $9 million), it is an interesting experiment that could lead the way for larger block grants for other education programs. The Reagan Administration has already proposed consolidating vocational and adult education into one block grant, and special education for handicapped children and adults into another. When Congress considers these proposals, it will certainly want to examine the precedent Chapter 2 has set.

If Chapter 2 is to be a forerunner, parents and citizens need to assess carefully the claim that it will make education programs more responsive to local needs. In designing our study, NCCE tried to answer questions posed to help the lay public evaluate intelligently the effects of Chapter 2 and decide whether it is worthy of imitation.

1. What changes have been made in how program funds consolidated under Chapter 2 are distributed and used?
2. Has the allocation of funds been in response to genuine assessments of state and local needs, or to other pressures and conditions?

3. Have the provisions for public involvement in Chapter 2 been effective, and what role have parents and citizens played in basic program decisions?
4. Now that funds may be used for almost any purpose, and with virtually "no strings attached," are states and local school districts still supporting the more controversial programs, such as voluntary desegregation or school improvement?
5. How are local districts using their funds, and in what ways are parents and citizens involved in those decisions?

This is an interim report, based on early, scattered returns. In it we attempt to deal at least partially with each of the questions above. In the first two sections, this "Introduction to Chapter 2" and "Findings to Date," we present the information collected so far, and draw a few inferences. The last section contains case studies of the implementation of Chapter 2 in several states, written by parents or citizens active in education issues. The states are California, New Jersey, Ohio, Rhode Island, South Carolina, South Dakota, and Washington.

Background

The adoption of Chapter 2 signalled a major shift in federal education policy, from very specific programs targeted to areas of recognized national need, such as reducing the isolation of minority group children or providing special programs for the gifted and talented, to a single grant, where state and local education agencies can choose from a broad array of programs the ones that fit their needs and preferences. Previously, each of the 28 programs had to be applied for separately, and each had its own funding timetable, regulations, and guidelines. Some

aid, such as for school libraries, was apportioned to the states by formula. Other aid, such as for innovative programs or arts in education, was granted through competition. Under Chapter 2, states receive funds automatically through a simple formula. Application and reporting requirements have been reduced to a minimum.

Another major change in the law is that private schools are eligible for an "equitable" share of the funds received by local school districts. The only program in the block grant that substantially benefitted children in private schools was Title IV-B, ESEA, which provided funds for library resources and instructional materials. Under an ingenious provision, books and audiovisual equipment were purchased by the public school system and loaned indefinitely to private and parochial schools. Thus, there was no "direct" aid to private schools. This provision now applies to all programs lumped into Chapter 2. Local school officials are required to consult with private school administrators about what materials or services they would like to receive, and to provide support in proportion to their share of total enrollment.*

Structure and Funding

A total of $455 million is available to states under Chapter 2, a reduction of about $60 million from the total of previous programs (a cut of 12 percent). Funds flow from the Education Department to the states based on their school-aged population. The State Education Agency (SEA) may reserve up to 20 percent for statewide programs, such as strengthening SEA planning capacity or providing technical assistance in curriculum development. The remaining 80 percent (or more, depending upon how much the

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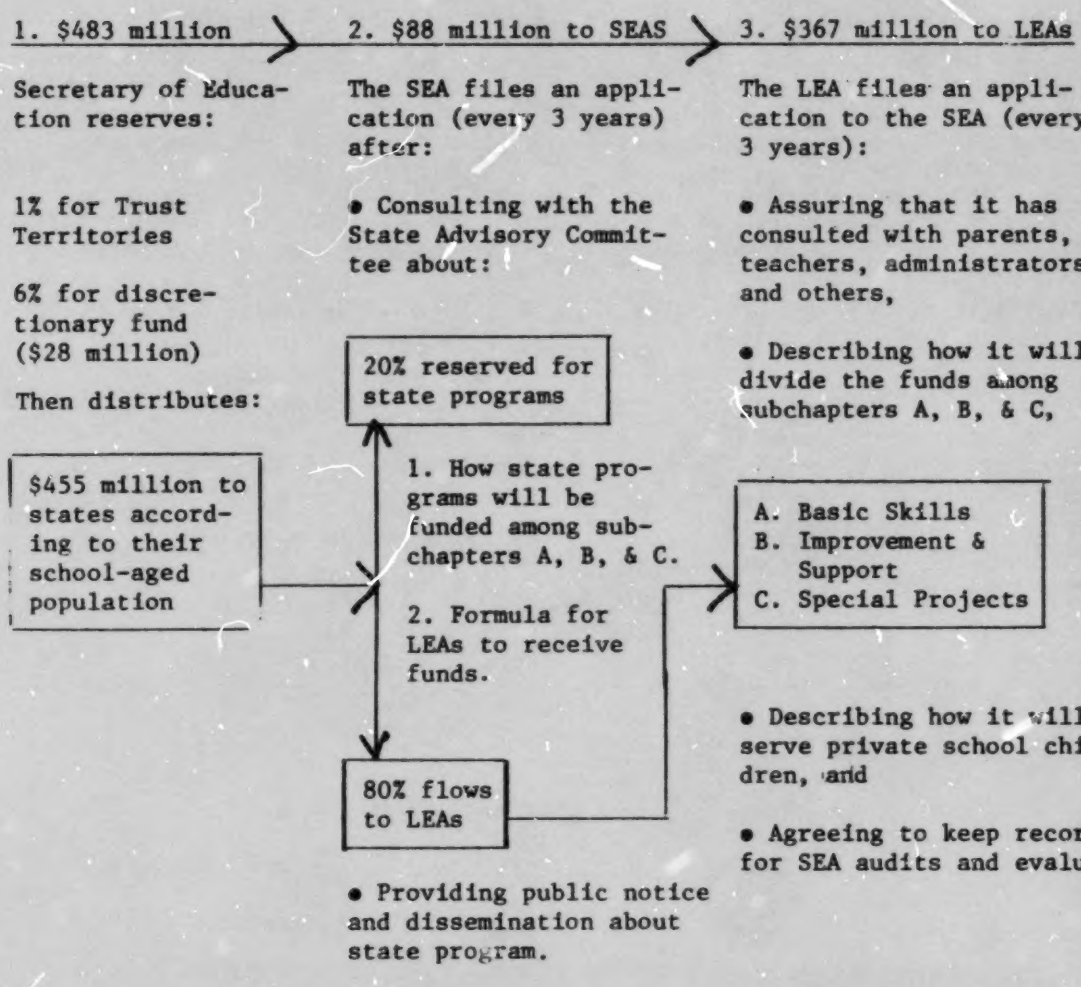
* The Rhode Island chapter of the American Civil Liberties Union has filed suit to test the constitutionality of this provision.

SEA reserves) must be distributed to local school districts according to a formula designed by each state. The SEA must consult with a state advisory committee to develop a formula that is based on enrollment, but that allows more help to districts with educationally needy children.

A diagram of the Chapter 2 process looks like this:


1. $483 million
2. $88 million to SEAS
3. $367 million to LEAs
Secretary of Education reserves:
1% for Trust Territories
6% for discretionary fund ($28 million)
Then distributes:
$455 million to states according to their school-aged population
The SEA files an application (every 3 years) after:
• Consulting with the State Advisory Committee about:
20% reserved for state programs
1. How state programs will be funded among subchapters A, B, & C.
2. Formula for LEAs to receive funds.
80% flows to LEAs
• Providing public notice and dissemination about state program.
The LEA files an application to the SEA (every 3 years):
• Assuring that it has consulted with parents, teachers, administrators, and others,
• Describing how it will divide the funds among subchapters A, B, & C,
A. Basic Skills
B. Improvement & Support
C. Special Projects
• Describing how it will serve private school children, and
• Agreeing to keep records for SEA audits and evaluations.

Chapter 2 is divided into three parts, each containing a type of program the SEA or local school district may choose to support. All the previous (or "antecedent") programs that were consolidated into Chapter 2 are included in one of the parts. Both state and local education agencies are free to support any or all of the programs from their Chapter 2 grants.

PART A

Basic Skills Development (formerly Title II, ESEA)

- Programs to improve reading, written and oral communication, and mathematics, for children and adults

PART B

Improvement & Support Services

- To purchase school library resources, textbooks, and instructional equipment and materials (formerly Title IV-B, ESEA)
- To encourage innovation and improvement in local education practices and to address education problems of students with special needs (formerly Title IV-C, ESEA)
- To provide guidance, counseling and testing services (formerly Title IV-D, ESEA)
- To strengthen SEA management capacity (formerly Title V ESEA)
- To encourage voluntary desegregation (formerly the Emergency School Aid Act)
- To provide professional development opportunities for teachers (formerly Teacher Corps & Teacher Center Programs)

PART C

Special Projects (all formerly Titles III, VIII, & IX, ESEA)

- Metric Education
- Arts in Education
- Preschool Partnership
- Consumer, Health, Corrections and Population Education
- Youth Employment
- Biomedical Sciences
- Community Education
- Ethnic Heritage
- Gifted and Talented
- Career Education

The Public Role

Before the state can receive its funds, the governor must appoint a State Advisory Committee (SAC) that represents:

- Children in public and private schools
- Classroom teachers
- Parents of elementary and secondary school children
- Local boards of education
- Local school administrators
- State legislators.

The SAC's role is only advisory, but it does have the authority to make recommendations to the State Education Agency (SEA) in two major areas:

1. How much the SEA may reserve for state programs (up to 20 percent) and how those funds are to be divided among the programs in Parts A, B, and C.

2. How the formula allocating the rest of the funds (minimum 80 percent) to local school districts will be weighted to help districts that have higher percentages of children whose education costs are above average. (Example: children from low-income families, who are handicapped, live in sparsely settled areas, or are gifted).

In addition, the SAC is responsible for offering continuing advice on the planning, implementation, support, and evaluation of the <u>state</u> program. Although the SAC does not have specific authority to advise on <u>local</u> programs, the SEA is required to include comments from the SAC in its annual evaluation of the effectiveness of local programs. The SEA is also required to provide "timely public notice" of information about the SAC and how Chapter 2 funds will be distributed and used.

In developing their applications for funding from the SEA, local districts must provide for "systematic consultation with parents of children attending elementary and secondary schools in the area served

by the local agency," and with teachers, administrators, and "other groups" the district finds appropriate. The consultation is supposed to cover which programs will be supported and how they are designed, planned, and implemented. In addition, if the district decides to have a basic skills program, it must develop a strategy for improving instruction that involves parents "to the extent practicable."

Although the state advisory committee and the "systematic consultation" requirement for local districts provide opportunities for public involvement in the program, they are very similar to provisions for public involvement in the antecedent programs. The major advantage under Chapter 2 is that there is one set of requirements that applies to all programs consolidated, rather than a slightly different set for each one.

While Congress clearly intended to move decisions about educational policy closer to local communities, it did not choose to grant a larger role in making decisions to parents and citizens of those communities. Instead, the Congress sought to shift authority from federal and state officials to local officials:

> It is the intent of Congress . . . that the responsibility for the design and implementation of programs assisted under this chapter shall be mainly that of local education agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents. (ECIA, Section 561(b))

Whether transferring power from one set of officials to another has produced greater responsiveness to parent concerns is a chief concern of our study.

SECTION II: FINDINGS TO DATE

Changes in the Distribution of Funds

The formula that distributes Chapter 2 funds from Washington, D.C. to the states is based solely on school-aged population. It replaced a hodgepodge of funding mechanisms ranging from enrollment-based formulas, to competition for best proposals, to grants for school districts under court order to desegregate. The key result, although perhaps unintended, has been a massive redistribution of federal funds away from states serving large numbers of poor, non-white children. The "winners" tend to be the more sparsely settled states with few minority children and more healthy economies. The "losers" tend to be poor and southern, or urban and industrial, states with more troubled economies.

STATES' GAINS AND LOSSES UNDER CHAPTER 2

State	1981[1]	1982	Percent Change	
Alabama*	$ 9,310,777	$ 7,638,238	-17.9	
Alaska	1,673,421	2,187,360	+30.7	WINNERS =13
Arizona	5,713,026	5,101,377	-10.7	LOSERS =25
Arkansas	4,166,966	4,376,070	+ 5.0	+/- SAME=12
California*	54,246,507	41,310,341	-23.8	(approx)
Colorado	5,470,881	5,226,034	- 4.4	
Connecticut*	7,705,819	5,629,327	-26.9	
Delaware*	5,334,320	2,187,360	-58.9	
District of Columbia	5,081,817	2,187,360	-56.9	
Florida*	15,189,568	15,789,102	+ 3.9	
Georgia*	12,412,579	10,871,064	-12.4	
Hawaii	2,614,896	2,187,360	-16.3	
Idaho	2,352,502	2,187,360	- 7.0	
Illinois	22,001,556	21,174,245	- 3.7	
Indiana*	13,296,399	10,588,588	-20.3	

-continued-

Iowa	5,003,104	5,333,733	+ 6.6
Kansas	3,998,761	4,131,745	+ 3.3
Kentucky	5,886,713	7,062,039	+19.9
Louisiana*	11,553,890	8,550,185	-25.9
Maine	2,465,710	2,187,360	-11.2
Maryland	7,231,962	7,901,277	+ 9.2
Massachusetts	10,653,970	10,179,203	- 4.4
Michigan*	20,542,592	18,242,264	-11.2
Minnesota	6,610,381	7,634,133	+15.4
Mississippi*	7,674,512	5,286,720	-31.1
Missouri*	17,567,404	8,900,251	-49.3
Montana	2,444,590	2,187,360	-10.5
Nebraska	3,728,418	2,862,882	-23.2
Nevada	1,700,010	2,187,360	+28.6
New Hampshire	2,117,783	2,187,360	+ 3.2
New Jersey*	15,530,875	13,483,247	-13.2
New Mexico	3,514,388	2,666,637	-24.1
New York*	48,291,827	31,353,236	-35.0
North Carolina	10,689,571	11,053,883	+ 3.4
North Dakota	1,951,219	2,187,360	+12.1
Ohio*	25,208,194	20,366,440	-19.2
Oklahoma	5,085,337	5,487,749	+ 7.9
Oregon	4,296,691	4,634,193	+ 7.8
Pennsylvania	20,340,163	20,977,320	+ 3.1
Rhode Island	2,807,257	2,187,360	-22.0
South Carolina	6,436,972	6,207,221	- 3.5
South Dakota	2,003,848	2,187,360	+ 9.1
Tennessee	7,862,651	8,583,914	- 9.2
Texas*	27,272,790	27,688,367	+ 1.5
Utah	3,003,737	3,090,754	+ 2.8
Vermont	1,809,738	2,187,360	-20.9
Virginia	11,701,345	9,830,541	-16.0
Washington*	9,658,260	7,362,566	-23.8
West Virginia	3,232,349	3,654,895	+11.3
Wisconsin*	13,748,358	8,923,105	-35.2
Wyoming	1,743,256	2,187,360	+25.4

[1]Data were obtained from reports of actual obligations by State for the 29 antecedent programs consolidated into the block grant.
SOURCE: U.S. Department of Education

*States that received more than 25 percent of their funds from the Emergency School Aid Act (information added by NCCE).

NOTE: Appendix I contains a brief demographic chart of the states that compares characteristics related to education need. It is intended as a thumbnail reference for the entire report.

Among the "losers" are seventeen states that formerly received significant amounts of Emergency School Aid Act (ESAA) funds to assist their desegregation efforts. These states tend to have large concentrations of poor/minority-group children in financially strapped urban districts. Under ESAA, funds went directly from the federal government to districts that submitted an acceptable plan for desegregating their schools. Overall, states lost an average of 12 percent under Chapter 2, but states with large ESAA districts sustained an average loss of 23.5 percent. Although these states may adjust their formulas to provide extra aid to urban areas, the loss of nearly one-quarter of their funds, plus the requirement that all districts must receive some aid, has meant that--even in states such as New York where desegregation is a major priority--the big cities have taken the largest cuts of all.

A recent report by the Council of Great City Schools, "Trends in Federal Funding of Urban Schools: A Progress Report on the Reagan Years," states that the nation's thirty largest school districts have suffered disproportionately. Under the antecedent programs, including ESAA, these districts received $92 million; under Chapter 2, they received $50 million, a cut of 45 percent. At the same time they have been hit with sharp cuts in other programs, including public service jobs and school lunch. The total amount of education-related federal aid these 30 districts have lost is over $300 million. The significance of these cuts is clearer when we realize that 45 percent of the nation's racial minority children attend school in these districts.

Furthermore, all districts, no matter how hard hit by cutbacks in federal and state programs, are obligated to share what Chapter 2

funds they do get with private schools. Buffalo, New York, for example, which received $7.5 million from the antecedent programs, got only $950,000 this 1982-83 school year. One-third of this greatly reduced grant must be used to serve children in private schools, regardless of need.

An idea of how the shift in federal distribution has affected the states can be gained from the following chart, which compares characteristics of the 5 biggest winners under Chapter 2 with the 5 biggest losers:

BIG WINNERS vs. BIG LOSERS IN CHAPTER 2

	Average Gain or Loss	Average Per Capita Income	Average Percent Minority	Average Percent Poor Aged 5-17	Average Unemployment Rate
Winners (AK, NV,WY,KY,MN)	+24%	$9,433	13.8%	11.9%	8.7%
National Avg.	-12%	8,706	24.7%	15.7%	9.5%
Losers (DE,MO, WI,NY,MS)	-42%	8,275	25.5%	19.6%	10.8%

Changes in Local Distribution

Although the shifts in funding among states have been dramatic, the shifts among school districts within states have been even more significant. According to a survey by the American Association of School Administrators, small school districts are winning small amounts of money and big districts are losing very large amounts. While 67 percent of all the districts surveyed reported that they were receiving more

money under the block grant, large school districts reported that they lost an average of 80 percent.

The vehicle for this change has been the formula each state devises to distribute its share of Chapter 2 aid locally. How much a district received under the antecedent programs depended upon a variety of factors: its size, its sophistication in competing for project awards from the SEA and the Education Department, whether it had large numbers of children with special needs, and whether it was under pressure to desegregate. Under Chapter 2, all the aid available to local districts within a state goes out under a single formula that must be based on enrollment, but weighted to help districts with children whose education costs are above average. Each SEA, with the advice of its state advisory committee, must take several steps in determining its allocation plan:

1. It must decide how much (up to a maximum of 20 percent) to reserve for statewide programs.
2. It must then decide what portion of the funds for local districts should be sent out on the basis of enrollment.
3. Then it must determine how to weight the formula so that school districts with concentrations of "high-cost" children receive a greater proportion of the funds.

The chart following sums up the formulas the states have adopted:

CHAPTER 2 FORMULA: STATE COMPARISON

State	State Appropriation	State Set-aside	Percentage of Remaining Funds Distributed on Enrollment/Spec. Needs	Special Needs Distribution: Low Income	Sparse Population	Tax Effort	Limited English Proficiency	Gifted and Talented	Low/High Achievement	Desegregation	Handicapped	Other
AL	$ 7,633,794	10.0	80%/20%	8.0		2.0		10.0				
AK	2,187,360	20.0	30/70	25.0	25.0						20.0	
AZ	5,098,409	10.0	98/02	*	*			*				
AR	4,373,525	20.0	90/10	10.0								
CA	41,291,513	19.5	42/58	8.5	1.5		5.0			43.0		
CO	5,222,993	20.0	83/17	16.0	1.0							
CT	5,626,052	20.0	21/79	60.0						18.0		1.0
DE	2,187,360	20.0	70/30	10.0				10.0		.0	10.0	
FL	15,925,153	17.5	64/36						36.0			
GA	10,864,740	20.0	50/50	50.0								
HI**	2,187,360	20.0	100/0									
ID	2,187,360	20.0	85/15	10.0	5.0							
IL	21,163,056	20.0	70/30	30.0								
IN	10,582,428	20.0	83/17	15.0	2.0							
LA	5,330,630	20.0	75/25	20.0			5.0					
KS	4,129,341	20.0	88/12	9.0	1.0						2.0	
KY	7,057,931	20.0	84/16	7.0	7.0	2.0						
LA	8,545,996	20.0	85/15	10.0							5.0	
ME	2,187,360	20.0	60/40	40.0								
MD	7,896,681	20.0	80/20	11.5							8.5	
MA	10,173,811	20.0	40/60	60.0								
MI	18,231,652	20.0	58/42		6.0				18.0	18.0		
MN	7,629,692	20.0	82/18	12.0	6.0							
MS	5,283,645	20.0	95/5	*	*						*	*
MO	8,895,073	20.0	78.5/21.5	18.5	3.0							
MT	2,187,360	20.0	71/29	9.0	2.0	18.0						
NE	2,861,216	20.0	75/25	5.0							20.0	
NV	2,187,360	20.0	90/10	10.0								
NH	2,187,360	20.0	50/50		*	*					*	
NJ	13,484,913	20.0	30/70	20.0				5.0	25.0	20.0		
NM	2,665,553	20.0	70/30		30.0							
NY	31,340,643	20.0	86.5/13.6		.3		.2		13.0			
NC	11,047,452	20.0	70/30	30.0								
ND	2,187,360	20.0	87/13	9.0	4.0							
OH	20,354,591	20.0	75/25	13.0	.04	10.0					1.6	
OK	5,484,556	20.0	80/20	5.0	10.0						5.0	
OR	4,631,497	20.0	70/30	9.0	.5		2.5	4.0		7.0	7.0	
PA	20,966,546	17.0	60/40	35.0	5.0							
RI	2,187,360	20.0	60/40	23.0			6.0				11.0	
SC	6,203,610	20.0	70/30	30.0								
SD	2,187,360	20.0	90/10		5.0						5.0	
TN	8,578,920	20.0	*	*								
TX	27,672,974	20.0	73/27	15.0			5				7.0	
UT	3,088,956	20.0	77/23		*						*	*
VT	2,187,360	20.0	60/40	31.0	9.0							
VA	9,824,822	20.0	65/35	18.0					17.0			
WA	7,348,289	20.0	50/50	15.0			5.0	10.0		20.0		
WV	3,652,769	20.0	90/10	5.0							5.0	
WI	8,919,131	20.0	50/50	50.0								
WY	2,187,360	20.0	*		*	*		*				

* Distribution based on a weighted per-pupil formula that takes into account the high cost of educating special needs children.

** Hawaii has only one school district.

The first column shows the federal Chapter 2 appropriation to each state. The second column shows the percentage retained by the state for statewide programs. The third column shows how the local distribution formula is weighted in terms of the percentage distributed on the basis of enrollment versus "high-cost" children. The remaining columns show the percentage distributed on the basis of a variety of high-cost factors used in the state formulas.

Nearly all states (45 of 50) have chosen to retain the maximum 20 percent for state-level activities, and to pass the minimum 80 percent along to local districts. Many SEAs have experienced cuts in state funding because of the recession. In addition, their administrative set-aside from Chapter 1 has been reduced to 1 percent of the total state grant, from the 1.5 percent they were allowed under Title I. While many state advisory councils (SACs) questioned the desirability of keeping the full 20 percent for administration and programs, SEAs argued effectively that it was necessary to help offset the reductions.

The average state has split its formula aid to local districts, so that about 70 percent is distributed for enrollment and 30 percent for high-cost children. This means that a district will receive a certain amount for every school-aged child (averaging around $6), and an additional amount (from $1 to $15) for the high-cost children who have been identified in the formula.

There are, however, tremendous disparities among states in the types of formulas selected. Mississippi, the poorest state in the country, has the most lightly weighted formula: 95 percent goes out for

enrollment, and 5 percent for high-cost children. New Mexico, the state with the highest proportion of children speaking limited English (38 percent), chose sparsity of population as its only high-cost factor. On the other hand, Connecticut, one of the wealthiest states, adopted the most heavily weighted formula, setting aside 21 percent for enrollment and distributing 79 percent for low-income and isolated minority group children.

The high-cost factor most commonly used (by 41 states) was low income, defined as AFDC (Aid for Dependent Children) families, chapter 1 participation, or economically depressed areas. The next most frequent factor was sparsity (districts with sparsely settled populations have high transportation costs), although the percentage of funds allocated for this purpose is quite small. The average state identifying poverty as a high-cost factor set aside 22 percent for poor children. States that selected sparsity allocated an average of only 7 percent. (This is, of course, in keeping with the small numbers of children in rural districts.) Other high-cost factors used were handicaps, limited English proficiency, gifted and talented children, and minority group isolation.

It is important to note, however, that regardless of the criteria used to distribute the funds, the law imposes no requirement on local districts to spend the money on the children who attracted it there. Thus, an urban school district with a huge disadvantaged population, in a state that weighted its formula heavily for low income, is perfectly free to spend all its grant (except that part it must share with private schools) on a computer literacy program for college-bound children. Conversely,

a wealthy suburban district in a state that chose to base its formula largely on enrollment, may spend its entire grant on a basic skills program for underachieving youngsters from poor neighborhoods. How local districts are using their funds will be taken up at the end of this section.

Previous Formulas

A sense of the degree of change in local district funding formulas under Chapter 2 can be drawn from comparing Chapter 2 with the antecedent program it most closely resembles: Title IV-C, ESEA. Title IV-B, which provided funds for library resources and instructional materials, also had a provision under which each state designed its own formula, in consultation with an advisory committee, for distributing funds to local districts. Although IV-B provided less money than Chapter 2 (about one-third), it was the largest of the programs consolidated and, as the following chart indicates, has clearly furnished the model for Chapter 2 formulas.

A COMPARISON OF CHAPTER 2 WITH TITLE IV-B FORMULAS:
A COMPOSITE STATE AVERAGE

	Amount for Local Districts	Percentage for Enrollment	Low Income	Tax Effort	Sparsity	Ltd. English	Gifted	Low Achievement	Desegregation	Handicapped	Other
			Special Needs Distribution								
Ch 2	$6,880,231	69	18.3	.7	3.0	.7	.9	1.4	3.1	2.6	
IV-B	2,945,632	67	9.3	11.0	6.0	1.5	1.8	2.0	.2	1.6	.1

The chart compares the average Chapter 2 formula with the average IV-B formula. There are striking similarities. The enrollment/high-cost split is almost the same. The shifts in the type and weight of the factors selected are not great. The most notable shift is from high tax effort (districts that tax high relative to their resources) to low income, but the two factors are closely related. In fact, if they were combined--that is, considered a single "poverty factor"--the difference between their weighting under Chapter 2 (19.0 total) and IV-B (20.3) is negligible.

If states have kept almost the same formulas, why has there been such a shift in where the funds are going? The answer is that the rest (about two-thirds) of what was consolidated to form Chapter 2--innovative programs, special projects, desegregation--had been distributed via competitions based on merit and need. Now funds are distributed via the formula. The change has been caused by legislation, not by the states actively choosing to reroute their federal funds.

Appendix II contains a chart showing each state's Title IV-B formula. When compared with the chart on page 13, it is interesting to see that only one state (Alaska) left its formula unchanged. All the others made some alterations, often in response to SAC concerns. But the bottom line shows that the change is minimal.

Changes in How Funds are Used

Despite their increased discretion over how to use the funds, state education agencies (SEAs) have made few changes in the mix of programs and activities they are supporting with federal money this year. In general, SEAs have used their federal funds to support personnel and

strengthen their management capacity, rather than to provide direct aid to local schools. These tendencies have not changed under Chapter 2. The following chart summarizes the way SEAs are spending their share.

STATE EDUCATION AGENCY CHAPTER 2 PROGRAMS

Programs Supported	Total Used	# States Participating	% of the Total Amt. Reserved for SEA Use
A. Basic Skills			
1. State leadership	$5,548,636	28	6.8
2. Parent/Volunteer Programs	296,411	3	.4
3. School Level Programs	264,644	4	.3
SUBTOTAL	$6,109,691		7.5
B. Educational Improvement & Support			
1. Strengthening SEAs	$42,070,733	48	51.9
2. Improving Local Practices	9,203,498	19	11.3
3. Local Support & Staff Training	4,893,814	18	6.0
4. Desegregation Activities	3,951,066	8	4.9
SUBTOTAL	$60,119,111		74.1
C. Special Projects			
1. Gifted & Talented	$ 650,078	12	.8
2. Community Education	702,191	8	.9
3. Other	3,744,122	20	4.6
SUBTOTAL	$5,096,391		6.3
Chapter 2 Administration	$9,781,419	48	12.1
TOTAL	$81,106,611	48	100.0

DATA SOURCE: U.S. Department of Education

From May 1983 NETWORK

(See Appendix III for more detailed information on how each state is spending for Chapter 2.)

The average state received a total grant of $8.5 million this year and reserved the full 20 percent--about $1.6 million--for SEA administration and programs. Of this amount, it will use about $200,000 to administer Chapter 2, including processing local district applications and grants. Nearly 75 percent of the state share has been spent for improvement and support programs, which are largely devoted to developing and maintaining SEA administration capacities, i.e., paying staff salaries and expenses.

State Chapter 2 funds are, with few exceptions, being spent the same way they were under the antecedent program categories, and in approximately the same proportion.

- Title V, ESEA, provided $42,075,000 last year (1981-82) for strengthening SEA management. Under Chapter 2, approximately $43,000,000 will be used for the same purpose.
- Last year, SEAs were allowed about $15 million to administer Titles IV-B and C, ESEA. This year, they have set aside about $14 million to cover their administrative expenses for similar activities.

Programs for Improvement

The structural change from categorical programs to a block grant has brought about a pronounced shift in resources to support competitive grants in local districts for projects to improve their educational practices. Under Title IV-C, ESEA, most states developed strong programs for encouraging local innovation and improvement. The success of their efforts is indicated by the many programs selected by the Education Department's

National Diffusion Network as models for other districts to use.[1] In effect, IV-C provided "risk capital," funds that served as an incentive to stimulate excellence in local practice.[2]

Under Chapter 2, it would be extremely difficult to mount a similar program on the scale of IV-C ($66 million). The law requires that 80 percent of the states' funds must be distributed to local districts by formula; there is no provision for reserving a portion of the local share to be awarded competitively for programs of special merit. The remaining 20 percent, which may be used for state programs, barely covers, for most states, the SEA staff who were supported by Title I (now Chapter 1), by Title V (strengthening state capacity), and by the administrative set-aside of Titles IV-B and C. While the capacity is there to assist local districts in developing and evaluating innovative programs, there are not enough funds left over to support both existing state programs and more than a few local projects.

Even so, ten states have reserved a portion of their 20 percent for competitive "mini-grants" to local districts. In the states that lost a significant amount of ESAA money, some or all of the funds are reserved for desegregation-related projects (Connecticut, Florida, New Jersey, Indiana, Wisconsin), thereby creating another way to compensate ESAA districts for their losses. Florida and Indiana have added provisions requiring local districts to "match" the state grant, either with local or Chapter 2 funds, thereby enlarging the scale of the program.

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[1] The Joint Dissemination Review Panel, which identifies effective programs for the NDN, selected 99 programs between 1972 and 1982 for diffusion funding. Sixty of these were developed through Title IV-C, ESEA.

[2] See Pamela Keating's case study on Washington for an excellent analysis of this point.

STATES THAT HAVE COMPETITIVE GRANT PROGRAMS UNDER CHAPTER 2			
State	Amount for Program	% of SEA Share	Type of Program
CA	$1,500,000	18.6%	Competitive mini-grants for innovative programs, particularly in reading and math.
CT	282,000	25.0%	Competitive grants for innovative programs in basic skills, professional development, local planning, and effective schools, for implementing desegregation plans, and for career education programs.
FL	1,184,000	37.2%	Competitive matching grants to improve local foreign language programs.
IN	350,000	16.5%	Competitive matching grants for gifted & talented projects, racial desegregation planning, teacher centers, and technology instruction projects.
MN	155,000	10.2%	Competitive grants for projects to improve instruction and educational opportunities.
NC	553,000	25.0%	Competitive grants for projects to improve local planning and management.
NJ	350,000	13.0%	Competitive grants for desegregation programs.
PA	797,000	22.0%	Competitive grants for technology and other innovative projects.
TN	171,000	10.0%	Competitive grants for innovative projects, in-school suspension programs, and parenting programs.
VA	354,000	18.0%	Competitive grants for basic skills, computer literacy, in-service staff training, and gifted and talented programs.

If Chapter 2 funds are increased by Congress over the next few years, SEAs will be under heavy pressure from their state advisory committees, legislatures, and governors, to reserve less than the maximum 20 percent and to send more to local districts. It is likely that many will respond by

proposing such a mini-grant program, which ultimately benefits local districts but gives the SEA some leverage over how funds are used.

Changes in Local Spending

Although complete reports on how local districts chose to spend their Chapter 2 grants are not available, the AASA survey of its membership and other preliminary data provide a partial picture. Most local officials report that they are purchasing instructional materials--books, audiovisual equipment, computers, and computer software. According to the AASA report, 88 percent of local districts are spending over half their grant for materials. About 30 percent are supporting programs for school improvement, and about 15 percent are funding guidance and testing programs or projects for gifted and talented children.[1]

As for the other categorical programs included in Chapter 2, the AASA report concludes, "The vast majority . . . are being funded at low levels by only four to five percent of the school districts." This means that most "are not being funded at all by most school districts surveyed."[2] The effect on desegregation programs, as throughout Chapter 2, has been dramatic: "Notably, 94.3 percent of the districts surveyed are not funding the ESAA. Of the 5.7 percent who are funding ESAA programs, the average allocation is only $871."[3] (See chart on next page.)

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[1]The American Association of School Administrators, "The Impact of Chapter 2 on Local Education Agencies," Spring 1983.

[2]Ibid, p. 14.

[3]Ibid, p. 14.

While the drop in funding for innovative programs is not so precipitous, early reports indicate that the money is supporting programs begun under IV-C rather than developing new programs. Chapter 2 provides little incentive to plan programs of exceptional merit, since a district receives its grant regardless of how it will spend the money.

1982-83 FUNDING OF PREVIOUS CATEGORICAL PROGRAMS

Percentage of School Districts Funding the Program	Programs	Average Amount Appropriated
88.0%	Instructional Materials and School Library Resources	$15,073
29.6	Improvement in Local Education Practices	3,605
17.8	Other	2,651
14.4	Guidance, Counseling, and Testing	703
13.3	Gifted and Talented	1,033
8.2	Arts in Education	300
6.8	Career Education	165
6.4	Teacher Centers	248
5.9	Health Education	1,217
5.7	Emergency School Aid Act (ESAA)	871
5.0	Educational Proficiency Standards	110
4.9	Environmental Education	198
4.8	Law-Related Education	43
4.7	Strengthening State Educational Agency Mgt.	163
4.7	Desegregation Training and Advisory Services	94
4.7	Community Schools	15
4.6	Correction Education	153
4.6	Ethnic Heritage Studies	53
4.4	Youth Employment	26
4.4	Preschool Partnership Programs	18
4.4	Safe Schools	6
4.4	Dissemination of Information	5
4.3	Consumer Education	29
4.3	Biomedical Sciences	2
4.3	Population Education	2
4.2	International Understanding	0
4.1	Metric Education	6
4.1	Pre-College Teacher Development Center	0
4.1	Teacher Corps	0
		26,789

Source: AASA Survey of Chapter 2

It is not surprising that local districts are treating their Chapter 2 funds as they did IV-B; in fact for most districts, Chapter 2 is just IV-B writ large. While many urban areas were successful in attracting a variety of programs to their schools, small districts--the AASA's "vast majority"--were familiar only with IV-B, which provided funds by formula for books, materials, and equipment, just as Chapter 2 does. The uncertainty over future funding for Chapter 2 also made "non-recurring" expenditures more practical.

The real news is that Chapter 2 is buying computer hardware and software, in record amounts. Nearly 50 percent of the districts in AASA's survey report spending some funds for computers. The following chart shows the regional distribution of funding patterns.

SCHOOL DISTRICT SPENDING OF 1982-83 CHAPTER 2 FUNDS

(in percentages)

		REGIONS*							
	Total	New England	Mideast	Southeast	Great Lakes	Plains	Southwest	Rocky Mountains	Far West
Books, Materials	56.3%	55.4%	48.8%	73.5%	48.1%	45.8%	74.6%	45.3%	53.6%
Computer Hardware	49.8	66.1	63.0	36.7	63.6	53.1	21.6	47.2	50.0
Computer Software	33.7	42.9	46.9	26.0	43.0	31.1	17.9	15.1	40.5
Audiovisual Equipment	24.8	17.9	14.8	32.7	29.4	23.2	24.6	34.0	17.9
Staff Training	18.5	42.9	18.5	19.9	18.2	11.3	17.9	18.9	16.7
Salaries	15.4	17.9	17.9	18.9	10.7	13.6	19.4	7.5	14.3
Testing/Evaluation	7.5	7.1	4.9	9.2	15.0	2.3	6.0	9.4	2.4
Other Equipment	8.2	1.8	8.6	11.2	10.3	5.6	9.0	5.7	4.8
Enrichment (Assemblies, Field Trips)	4.5	8.9	3.1	3.6	8.4	2.8	3.7	3.8	2.4
Contract Services, Consultants, Payments to Regional Education Agencies	6.7	14.3	6.2	7.1	4.7	1.7	17.2	–	4.8
Remedial Services	2.8	–	3.1	4.6	2.8	.6	3.7	3.8	2.4
Guidance/Vocational Assistance	2.2	1.8	.6	3.1	2.3	2.8	3.0	1.9	–
Curriculum Development	1.6	1.8	1.9	–	2.3	2.3	3.0	–	–
Travel	1.0	–	1.9	2.0	–	–	2.2	–	1.2

**The data show the percentage of school districts that spent Chapter 2 funds in each area. Because districts can spend their aid in more than one area, the percentages will not add to 100.*

Source: American Association of School Administrators

COPY AVAILABLE

Whether Chapter 2 is thereby ushering local schools into the era of "high tech," as enthusiastic officals claim, is a good question. According to a recent survey conducted by the Center for the Social Organization of Schools at Johns Hopkins University, nearly three-quarters of the schools that own computers leave the machines idle for more than half the school day. Both teachers and students are unprepared to use them, and there is no indication that training programs are being planned to fill the gap.

The computer-use issue raises a larger, more important point about the merit of block grants versus categorical programs. Federal aid provides a relatively small amount of the funds needed to support local public schools--about 7 percent. If it is distributed to all school districts, as it has been under Chapter 2, with only minimal regard for need or purpose, it will tend to provide a small, but convenient, slush fund for local officials. If it is channeled into programs designed to meet critical educational needs, as it has often been under the categorical programs, it can provide local communities with substantial assistance for solving their problems.

The task for policy-makers and the public is to balance national interest with local need. The old categorical programs, for all their admirable intent, were rigid, top-heavy, and over-regulatory. Chapter 2, for all its simplicity and convenience, provides no incentive for excellence, and no accountability for results.

SECTION III: PARENT AND PUBLIC INVOLVEMENT IN CHAPTER 2, AN INTRODUCTION TO THE CASE STUDIES

A Shift in Governance

Chapter 2 has brought about a profound change in the governance of the programs it consolidated. While the funds still flow from the Education Department through the state education agencies to the local districts, the responsibility for the selection, design, and implementation of the local programs now rests entirely at the local level. The Education Department and the SEAs must assure proper fiscal management and recordkeeping--tennis courts and swimming pools are not allowable expenditures--but the law clearly states that each local district has "complete discretion, subject only to the provisions of Chapter 2, in determining how funds . . . shall be divided among the purposes of Chapter 2." Gone are review panels, interim reports, and guideline circulars.

Although no control over local program content remains at the state level, SEAs do have some major tasks, such as designing the formula for local aid, as well as near-complete discretion over how to use the funds reserved for state programs. SEAs must, however, consult with a state advisory committee (SAC) appointed by the governor on all phases of the state program. The case studies that follow tell the story of how and in what ways the SACs have served as a vehicle for public involvement.

The next chart gives a brief profile of the SACs in each of the case study states. Their size tends to vary with the political complexity of the state; most are dominated by professional educators. Ohio, which

has the least impressive performance on public involvement (as can be seen from the narrative), has the smallest SAC (only 13 members) and the largest percentage of professional educators (62 percent). Washington, which has the highest performance, has an SAC that has a balance between lay and professional members and that held a large number of public hearings.

PROFILES OF THE STATE ADVISORY COMMITTEES

	No. of Members	% of Public Representatives	% of Prof. Educators	Date of 1st Mtg.	No.Mtgs. Held	No. Pub. Hearings
CA	36	17%	47%	2/25/82	9	4
NJ	26	23%	46%	2/2/82	4	1
OH	13	15%	62%	1/?/82	3	0
RI	27	30%	48%	3/13/82	6	1
SC	14	21%	50%	3/19/82	3	1
SD	15	33%	53%	3/29/82	1	4
WA	14	38%	38%	3/24/82	4	8

SAC Influence on the Formulas

The degree of influence SACs exerted over the formulas for local aid varies a great deal. In California, a very well-prepared SEA staff presented a series of carefully thought-out formulas. After the SAC held public meetings to receive comment, it approved the formula recommended by the SEA. In Rhode Island, the SAC initially approved the formula proposed by the SEA, but after a public hearing, decided to weight it more heavily to help needy districts. In South Dakota, the SAC met once, made some minor changes in the SEA proposal, and has not convened since.

There are a number of factors at work here. An important feature of the SAC is that it is appointed by the governor, not the chief state school officer. In New Jersey, the only state where both the chief state school officer (CSSO) and the state board are appointed by the governor, the SAC was very effective in asserting the priorities of the newly-elected Republican governor. In South Carolina, where the CSSO is independently elected, the SEA was able to name a number of sympathetic school administrators to the SAC and outmaneuver the members chosen by the governor. In Washington, where the governor has no constitutional authority over education, the SAC nevertheless managed to make major changes in the formula proposed by the SEA. In this case, the SAC's strength seems to have derived from a state tradition of public involvement in education and from some astute appointments by the governor. The next chart compares the governance structure for education in each state.

STATE GOVERNANCE PROFILES

	CSSO*	State Board*	SAC Influence
CA	Elected	Appointed by Governor (with Senate confirmation)	Moderate
NJ	Appointed by Governor	Appointed by Governor	High
OH	Appointed by State Bd.	Elected	Low
RI	Appointed by State Bd. (Gov. a voting member)	Appointed by Governor	Moderate
SC	Elected	Appointed by Governor	Low
SD	Appointed by State Bd.	Appointed by Governor	Low
WA	Elected	Elected (by district boards)	High

*Source: Council of Chief State School Officers

States with strong traditions of local control tend to have SEAs staffed by former school administrators and to have SACs dominated by local practitioners. Although the SEAs tend in these instances to defer to their SACs, in reality the "old boy network" operates so that the administrator interest is in firm control. Ohio provides a classic example. The SEA set up a superintendent's "task force" in advance of the SAC's first meeting to devise a recommendation for the formula. While no minutes of SAC meetings are available, it appears that the SAC accepted the task force report without change.

The states with districts facing huge cuts in ESAA aid (California, New Jersey, Rhode Island, and Washington) saw their SACs as a vehicle for securing broad consensus on the Chapter 2 formula. In some ways their SAC meetings were reminiscent of legislative sessions, with clearly defined issues and debate from all sides. The next chart compares the formulas approved by the SACs with those proposed by the SEAs, for all the case study states. Clearly those states facing the greatest change from Chapter 2 used their SACs to mediate and manage the upheaval that resulted. Those that were not greatly affected tended to treat their SACs as a pro forma exercise.

STATE CHAPTER 2 FORMULAS: THE SAC EFFECT		
	Formula Recommended by SEA	Final Formula Approved by SAC
CA	42% enrollment/58% high cost (8.5% low income; 5% LEP; 1.5% sparsity, 43% desegregation)	Same
NJ	35% enrollment/65% high cost (30% high socio-economic need; 30% low achievement; 5% gifted)	30% enrollment/70% high cost (20% high need; 25% low achievement; 5% gifted; 20% desegregation effort)
OH	75% enrollment/25% high cost (13% low income; 10% tax effort; .4% sparsity; 1.6% state institutions)	Same
RI	70% enrollment/30% high cost	60% enrollment/40% high cost (23% low income; 6% gifted; 11% handicapped)
SC	73% enrollment/27% high cost (19% low income, 8% high tax effort)	70% enrollment/30% low income
SD	90% enrollment/10% high cost	90% enrollment/5% sparsity, 5% handicapped
WA	75% enrollment/25% high and low achievement	50% enrollment/50% high cost (10% minority, 10% racial isolation, 10% gifted, 5% LEP, 15% low income)

SAC Influence on State Programs

The SACs tended to have even less influence over how much the SEA would keep for state programs and what activities were to be supported than they had over the local aid formulas. Most SEAs, except those in the smallest states, gained in funding under Chapter 2, because they now

receive a share (20 percent) of all the programs consolidated. Ironically, SEAs in states that lost ESAA funding tended to gain support, because ESAA, which comprises nearly a third of the funding consolidated, used to go directly to local districts, without any state participation. They have, however, taken reductions in state aid and in administrative funds under Chapter 1. See the following chart for a before-and-after funding comparison.

A COMPARISON OF FUNDING FOR SEAs:
BEFORE AND AFTER CHAPTER 2

	1981-82*	Chapter 2 1982-83	% Gain or Loss
x CA	$5,500,000	$8,051,845	+46%
x NJ	1,790,334	2,146,649	+20%
x OH	2,471,175	4,056,665	+64%
RI	694,000	437,472	-37%
SC	972,718	1,240,722	+28%
SD	676,000	437,472	-36%
x WA	1,048,743	1,469,658	+40%

Source: NCCE Survey of Chapter 2 Directors

* These figures are estimates and not offical.
x These are states with districts that sustained heavy ESAA losses.

It is interesting to study the behavior of the SEA in those states where the SEA gained substantial funding, but where major urban districts lost large ESAA grants. In the SAC minutes and from the case

accounts, it appears that SEA staff tended to obscure their gain under Chapter 2 by presenting the losses from other programs (notably Chapter 1) at the same time. The California SEA came in with "an impressive, well-prepared set of proposals," including a $1.5 million mini-grant program for innovative local programs. This seems to have headed off any SAC attempts to persuade the SEA to reserve less than 19.5 percent for state programs.

In New Jersey, the SEA proposed using some of its windfall for a statewide computer network. The SAC balked, and counterproposed a competitive grant program, which was funded for $350,000, and which is reserved for desegregation projects. The computer network was not funded.

In Washington, where the SEA gained a hefty 40 percent, the SAC seemed satisfied to weight the formula for local aid heavily toward desegregating Seattle. According to the state Chapter 2 director, the SEA does not plan to use any of its funds for desegregation assistance.

Ohio presents an especially interesting case. As the author of our case study points out, not one SAC member represented a district that received a substantial ESAA grant (Cleveland, Columbus, and Dayton). The SAC met without public notice. Minutes of its proceedings are not available, nor did it produce a final report. Although the SEA gained a 64 percent increase in funding under Chapter 2, the possibility that it could pass more than 80 percent along to local districts was not seriously discussed. The state did not decide to fund a competitive grant program, nor has it chosen to use some of its share for desegregation assistance.

In Rhode Island and South Dakota, the two states where the SEAs lost heavily under Chapter 2, the SAC was presented with a very clear

financial picture. Both SACs approved reserving the maximum 20 percent allowed for SEA administration and programs without dissent.

South Carolina is another interesting case. "The SEA staff working with the committee did not provide detailed information on how the SEA had used funds under categorical programs that had been subsumed under Chapter 2, nor was information provided about how Chapter 2 funds would be spent in the future." When some SAC members began to ask serious questions, the SEA pointed out that there was no time to continue the debate because of application deadlines. The dissenters were in the minority, in any case, for the governor had permitted the chief state school officer to name half the SAC members.

Clearly, the SACs, especially their lay members, operate at a disadvantage. They are dependent on SEA staff for information, they do not have budgets of their own to hire researchers or even to call Washington, and they are usually weighted with colleagues of the chief state school officer. The SEA staff has been dealing with advisory committees for years and knows how to handle fractious members. The first meeting is not called until late in the season, after the staff has developed its case thoroughly, and uncomfortably close to the application deadline.[1] Helpful SEA staff attend the meeting and pass out reams of paper for the members to shuffle and digest. A large part of the

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[1]The ECIA was passed in June 1981, but the program did not go into effect until the 1982-83 school year, allowing ample lead time. Few SACs met before February 1932; some did not have their first meeting until the end of March 1982. State applications were due in Washington by July 1, 1982.

meeting time is devoted to hearing staff presentations and recommendations; most SAC members' questions are answered patiently, and at length, by SEA staff.

At subsequent meetings, where the SAC members are better prepared, the "time crunch" is more frequently invoked. Difficult or pointed questions are referred to staff for a written response "as soon as possible," but not the day of the session. Budget information is presented in ways that highlight its complexity and obscure its relevance to issues at hand. The case studies contain many examples of these techniques. It is not surprising, therefore, that most case studies report a high level of frustration among SAC members.

Accountability in Chapter 2

A major consequence of divesting Washington and state capitals of their authority and of "deregulating" the program to minimize reporting and paperwork is that one level of government becomes only minimally accountable to the next. The author of Chapter 2, the late Congressman John Ashbrook (R-Ohio), intended the program to be a "guarantee of local control, close to local voters and the parents of school children even against efforts by the state to interfere in the use of federal funds . . . ."[1] If local officials are not responsible to state and federal officials, then they are free to be responsive to local taxpayers, the argument goes.

The case studies provide interesting evidence that it does not work that way. Instead, it seems that if officials do not have superior

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[1]Quoted in Education Times, 5/3/82.

officials to account to, they do not have to account to anyone. The Ohio SAC chairman's remark that "the lack of screaming" from local districts about the formula is proof that the committee did a good job illustrates the point. If the committee met in private and issued no report, who knows when to scream?

The lack of reporting requirements means there are no reports for citizens to read. The lack of state and federal direction means there is no higher level of authority for parents to appeal to. The lack of binding regulations (the ECIA specifies that the regulations will not have the force of law) or guidelines (the Education Department has issued only a "non-binding handbook) means there are no rules or standards to which officials may be held. If anything goes, then anything goes.

The source of the problem is that the law attempts to make federal programs more "responsive" to local need by moving authority over decisions from one set of officials to another. Provisions for increased community involvement--or even protections for the low level of participation that is prescribed--are not made. Time and again in this study we see that public involvement becomes constituency involvement, and that the constituents of officials are other officials, not the public or parents. SEAs meet public notification requirements by sending notices to county or local superintendents' offices. Local districts provide for "systematic consultation" of parents and teachers by asking the school board to ratify their Chapter 2 applications.

It is well known in politics that floors become ceilings. Minimum requirements become maximum activities. As Carla Edlefson, our author from Ohio put it, "Loosening the regulations regarding citizen involvement (the

requirement that local districts must provide assurance that they have consulted with citizens is a loose requirement) will lessen citizen involvement, because local districts will do the minimum they are required to do. In Ohio, block granting a relatively small amount of money did not bring decision-making closer to the people. If anything, it isolated state and local administrators from critical public scrutiny of what they do with federal funds."

CALIFORNIA

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per Sq Mi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
CA	41,310	-25.6%	9,913	4,435/10.9%	2,173	14.6%	36.0%	22.6%	151/16	9.4%

I. THE BACKGROUND

The Political Layout of the State

Four and a half million youngsters attend public schools in this nation's most populous state. For many years, California enjoyed a reputation as having the finest system of public schools in the country.

However, the quality of its school system has declined dramatically in the last few years, due to two events that have been beyond the control of the education community. A drastic reduction in financial support occurred with the passage of Proposition 13, the tax-cutting measure passed by the electorate in 1978; the advent of the economic recession has further cut into the state's tax revenues.

In two years, California dropped to 35th from 21st among states in expenditures per student. The state is now spending an average of $2,337 per pupil as compared with the $2,690 spent per pupil nationally. (These are more recent figures than the ones presented in the chart above.)

This report was written by Myron Puckett, Ph.D., Director of the San Francisco Center for Public Education.

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40. CALIFORNIA

It is startling to note that this state now ranks 50th among the states in the percentage of taxpayer personal income devoted to public schools! In the 1981-82 school year, 3.7 percent of Californians' income went to public schools; this is said to be an all-time low.

California schools have suffered in other ways as well. According to the College Board, which administers the Scholastic Aptitude Test, between 1972 and 1980 California high school students had the largest drop in scores on the verbal part of the tests: 40 points compared with 29 for the rest of the nation. Mathematics scores also dropped considerably: 41 points compared with 18 for the country as a whole.[1]

Other examples of slippage in the quality of education have been noted and publicized recently, particularly during last year's election campaign for the position of state superintendent of public instruction. In addition to finance and achievement scores[2], issues during the campaign were discipline problems, a shrinking school day, a shortened school year, teacher evaluation and dismissal procedures, a softening in the teaching of the basic skills, relaxed high-school graduation requirements, and increasing teacher-pupil ratios.

Enter Louis "Bill" Honig, the state's newly elected State Superintendent of Public Instruction. Honig, an energetic reform candidate, won the election on the strength of his promise to "turn back

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[1]However, the most recent Scholastic Aptitude Test results show an improvement in the scores over previous years.

[2]Actually, achievement scores at the third and sixth grade levels have been steadily improving on the state's assessment program for several years now. Some districts, including San Francisco, have made impressive gains.

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the steady erosion of educational quality in California." He has proposed stronger graduation requirements, an increase in the amount of time students spend in school, change in teacher evaluation and dismissal regulations, and, most significant, a substantial increase in the education budget--an increase that is several hundred million dollars more than that proposed by the state's newly elected conservative governor. Time will tell whether Mr. Honig can muster the kind of support that is needed to push such proposals into law and regulation.

Setting the Stage for Chapter 2

Pursuant to federal Public Law 97-35 and State Chapter 1186, Statutes of 1981, (AB 2185), then Governor Jerry Brown appointed an advisory committee to study the issues involved in the implementation of the block grant.[3] A preponderance of the members (almost 50 percent) were administrators, and close to two-thirds were males. All of the major and special interest education groups were well-represented. Of particular note was the high caliber of the participation on the part of those persons representing parents of the state's school children.

Between the February announcement of the appointments and the May 1 deadline, the committee met nine times. All of the meetings were open, and in two of them public testimony was heard. One of the public hearings was held in the southern half of the state; the other in the northern half.

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[3] Ernest D. Moretti, Chairperson, "Report of the Governor's Block Grant Advisory Committee," May 11, 1982, page 1.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

By law, 80 percent of the federal dollar is to "flow through" to the local school districts. For California, 80 percent of $42,000,000 amounts to $33,600,000. The figure is disappointing, since current federal block grant monies represent a $13 million reduction in the amount the original programs generated by themselves. Be that as it may, the committee worked seriously on an allocation formula designed to govern this reduced amount of money.

During the committee's discussion of a framework, proposals developed by individual committee members were thoroughly considered, as was the oral and written public testimony given during the public sessions. The State Department of Education took the leadership role by providing the committee with relevant school district data in the form of computer printouts.

Of considerable concern to a number of committee members was the negative effect that withdrawal of Emergency School Assistance Act (desegregation) funds would have. If all ESAA funds were withdrawn the following fall, a severe economic hardship would be felt by district personnel who were counting on these funds for salaries. Therefore, a compromise was made whereby ESAA programs would receive 65 percent of their funds the first year and 35 percent the second.

The following recommendations were made regarding the local district allocation formula[4]:

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[4]Moretti, pp. 4-5.

- Local districts should receive an additional weight of two Aid for Dependent Children (AFDC) and Limited English Proficiency (LEP) counts when the concentration of AFDC and/or LEP students exceeds the statewide averages.
- Under the formula, all local districts should be guaranteed a minimum amount of $2,500.
- A two-year phase-out provision should be included in the formula for Emergency School Aid Act (ESAA) programs and programs operated by county offices of education. The phase-out levels should be 65 percent in year one and 35 percent in year two (percentages apply to 1981-1982 expenditure levels).
- Eighty percent of the ECIA Chapter 2 funds allocated to California should be distributed to local districts under the formula provisions of ECIA Chapter 2.

After the advisory committee agreed to this formula, endorsements were welcomed from major educational organizations, including the Association of California School Administrators (ACSA) and the California Teachers Association (CTA).

The SEA's Share

The next portion of the committee's responsibility, also known as the state purposes portion, involved making recommendations for funding levels for those activities administered by the state. Up to 20 percent of the total federal dollars, or as much as $8,400,000, was in question. The committee received an impressive, well-prepared set

of proposals from the State Department of Education concerning these allocations. Much of the deliberation revolved around these proposals, as well as the oral and written testimony from the public.[5] State purposes functions as proposed were as follows:

- Improving the academic curriculum, including teacher center grants;
- Youth employment;
- Improving school climate;
- Parent involvement and education;
- Community education;
- Assessment, research, and evaluation;
- State administration.

In addition, the proposal asked for financial support for certain "committees and boards."

The advisory committee raised questions about various aspects of the department's proposal. These questions, or concerns, were addressed to the committee's apparent satisfaction by the following agreements:

- Institutions of higher education would be involved throughout the state purposes portion.
- A substantial professional development and in-service training component would be provided.
- Private schools would benefit from both the 20 percent state purposes money and the 80 percent "flow-through" money to local districts.

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[5]Fran Bairley, "Notes from State Block Grant Advisory Committee," 3/25/82.

- Funds would be set aside for a mini-grant program at the local level.
- Gifted and talented and college opportunities programs could be maintained.[6]

Evidently, private school participants were not totally convinced by these assurances, as one member was moved to submit a minority report expressing several dissatisfactions with state department proposals as well as the committee agreement.[7]

Public Involvement

The committee heard testimony from 108 speakers at the two public hearings, and it read 40 typed statements in the process of gathering information. It went out of its way to open the process to the public, including mailing announcements of the meetings to the state's 1,700 school districts. In addition, educational organizations and concerned citizens throughout the state were notified. Several major newspapers carried notices of meetings.

III. THE FUTURE OF THE SAC AND CHAPTER 2

The committee also discussed its responsibility to assist in the "planning, development, support, implementation, and evaluation" of state level ECIA Chapter 2 programs. It elected a steering committee

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[6]"Department of Education's Response to Governor's Advisory Committee's Input on April 2, 1982," presented at Block Grant Advisory Committee Meeting in Sacramento, April 14, 1982.

[7]Joseph P. McElligott, "Minority Statement," April 20, 1982.

composed of a chairperson, a vice-chairperson, and five members to assume these responsibilities.

One is impressed by the diligence with which the state advisory committee attended to its task. It did its best to open the process to the larger education public; decisions were based upon the best information available, including computer printouts of AFDC data and well-prepared documents from the state department; every opportunity was taken to respond to the questions of those who had dissenting opinions, and care was taken when compromises were made.

It is too early to tell whether or not the direction this advisory committee took will be maintained. The state's new governor, George Deukmejian, has recently appointed his own slate of committee members. This new committee began meeting in April 1983.

NEW JERSEY

	Vital Education Statistics										
	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per Sq.Mi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
NJ	13,483	-16.3%	9,702	1,480/15.8%	2,818	8.0%	26.3%	13.1%	979/8*	8.4%

*Most Densely Populated State

I. THE BACKGROUND

The Political Layout of the State

Governor Kean, an experienced teacher, takes a great interest in education and is a member of the National Task Force on Education for Economic Growth and the steering committee of the Education Commission of the States. He is also a member of a national study panel sponsored by the Carnegie Foundation, which is reviewing how federal school policies affect the state.

Recently, Governor Kean endorsed the findings of the National Commission on Excellence in Education and charged Dr. Saul Cooperman, Commissioner of Education and a Kean appointee, with the responsibility of implementing the commission's recommendations in New Jersey. Whether New Jersey can implement all or some of the commission's recommendations is likely to depend on two powerful lobbying organizations--the New Jersey Education Association (NJEA), representing most of the

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This report was written by Vernell Patrick, a member of the New Jersey Chapter 2 State Advisory Committee, for Schoolwatch, a statewide parent/citizen organization.

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state's teachers, and the New Jersey School Boards Association, representing school trustees.

To date, Commissioner Cooperman, a meticulous organizer, seems somewhat distracted by the task of completely reorganizing the department of education.

Setting the Stage for Chapter 2

The New Jersey ECIA Chapter 2 State Advisory Committee was appointed by the governor in December 1981. The committee is representative of all categories listed in Section 564(a)(2) (see page 6 of this report for a list).

On February 5, 1982, the state advisory committee approved a formula, which essentially considered four variables for distributing 80 percent of the Chapter 2 block grant funds to local districts. The four factors selected for inclusion were: enrollment--public and nonpublic, 35 percent; enrollment in high socioeconomic need districts, 30 percent; pupils in need of basic skills improvement, 30 percent; gifted and talented pupils, 5 percent.

Because the proposed formula generated a great deal of controversy, meetings were held monthly to explore formula revisions. Following a period of public review, the committee met four times to offer recommendations and comments on the state plan. On June 1, 1982, the committee approved the state plan, which included the adoption of a revised formula for the distribution of the 80 percent money to local districts.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

The advisory council initially acted to approve one of the formulas suggested by the State Department of Education. However, neither organization was satisfied with the outcome--both are particularly concerned with the reduction of funds to public schools and the negative impact on ESAA districts. Specifically, under the initially proposed formula, public districts would get 24 percent less than current funding, while nonpublic schools would gain 132 percent. In addition, twelve districts receiving ESAA grants (for desegregation) and/or ESEA Title IV-C grants (for innovative projects) would each lose in excess of $100,000 under a formula-based funding system.

On February 2, 1982, an informal information session regarding alternatives to the block grant formula was conducted subsequent to the adjournment of the advisory council. Basically, four new formulas were discussed. Particular attention was given to the impact of these formula variations on districts most adversely affected by the original formula.

Those in attendance included members of the state board, other advisory council members, including nonpublic school representatives, several chief school administrators and/or central office personnel from ESAA recipient districts, advocates of gifted child education, and representatives of professional education associations.

Public input and feedback from the educational community resulted in two broad recommendations. One had to do with the method used to determine nonpublic school allotments; the other centered on districts that would lose the most money under a block grant program.

It was first decided to develop a separate data base for nonpublic schools, so that each nonpublic school's block grant allotment would be determined in terms of its own data rather than by means of its public school district's overall per-pupil allotment. Second, project staff were directed to study further variables that might reduce losses to ESAA recipient districts. The results of these two efforts were then discussed in terms of four new formulas.

Several proposals were made regarding strategies to offset losses to ESAA districts and thereby ensure the continuation of their desegregation activities:

- To delete gifted and talented pupils as a high-cost factor in the block grant formula.
- To withhold block grant funds entirely from districts that would receive less than $7,500 (or $10,000).
- To use "pupils impacted" by desegregation activities rather than total enrollment for calculating allotments to ESAA and/or desegregation districts.
- To establish a minimum percentage of minority pupils in order to qualify for funding under a desegregation variable.
- To fund nonpublic schools based only on the enrollment variable (i.e., only from 30-35 percent of the total program funds).

Several other ideas were offered by nonpublic school representatives regarding data used to calculate nonpublic school allotments:

- To add to the existent basic skills data base nonpublic pupils served by Title I.

- To trace nonpublic pupils to their public district of origin in order to determine low-income district eligibility for each nonpublic school.

Some participants took exception to one or more of these individual strategies. However, department staff agreed to explore the feasibility of incorporating these ideas into subsequent formula runs. After several more meetings with the state board staff and input from the April public hearing, the SAC adopted a formula. Five factors were selected for inclusion in the revised formula: enrollment, 30 percent; enrollment in high socioeconomic need districts, 20 percent; pupils in need of basic skills improvement, 25 percent; gifted and talented pupils, 5 percent; pupils affected by approved desegregation activities, 20 percent.

The SEA's Share

The ECIA authorized the department of education to allocate 20 percent of the Chapter 2 funds to support statewide activities. It was the desire of the department of education to retain the full 20 percent. The department had proposed, among other things, to create a statewide data network to meet the computing needs of local districts and county and regional agencies. Ostensibly, the network would make computers more available to local districts and reduce paperwork through conversion to electronic data collection.

The state advisory committee, however, wanted to maximize the number of dollars flowing to the local districts. Therefore, the

committee rejected the department of education plan to develop a statewide computer network and allocated $575,000 for special projects. Requests for proposals were let to school districts with approved desegregation plans.

Public Involvement

The draft of the state plan for the 80 percent formula was made available to the general public on April 15, 1982. Copies of the plan were provided to twenty-one county offices of education for public review and comment. Public notices were published in newspapers statewide to inform other interested persons that copies of the plan could be obtained from the New Jersey State Department of Education. The State Advisory Committee considered public comment on April 30, 1982. The remainder of the plan, including the 20 percent expenditure items, was made available for public comment on May 21, 1982.

Moreover, a subcommittee of the Joint Appropriations Committee conducted public hearings regarding the Education Consolidation and Improvement Act of 1981.

III. DOES INTEREST CONTINUE?

The Continuing Role of the SAC

The SAC continues to meet at the chairman's discretion. However, it is becoming increasingly difficult to obtain a quorum at meetings.

OHIO

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per SqMi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
OH	20,366	-19.8%	8,775	2,234/12.3%	1,917	13.0%	14.2%	3.3%	264/11	12.3%

I. THE BACKGROUND

Economically and sociologically, Ohio runs the gamut from suburban wealth to Appalachian poverty. The state's industrial centers have been extremely hard hit by the recession, and Ohio's unemployment rate is among the highest of the states.

Because of this, the state budget has had to be adjusted several times in the last two and a half years. The governor and the General Assembly made a series of cuts in 1980 and 1981, in addition to raising state taxes temporarily. The budget cuts for fiscal 1980-81 meant that the total state aid for schools increased only 1 percent from fiscal 1979-80 to fiscal 1980-81, going from $1.651 billion to $1.668 billion.

Because of school financial difficulties over the last several years, Ohio maintains a state loan fund for strapped school districts. An indicator of the relative health of Ohio's school finance system is the number of districts that have been forced to go to the loan fund. Between fall 1978 and December 1981, the loan fund made 39 loans. In

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This report was written by Carla Edlefson, Ph.D. Director of the Citizens Council for Ohio Schools.

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1982 alone, 36 districts applied for loans, for a total of $48.4 million, the greatest amount ever requested. Cleveland requested the largest loan, $29.4 million. Since cuts in state aid were not as deep as first projected, and a few districts were able to pass levies, several districts later withdrew their 1982 requests. Monitoring the loan fund in 1982 has shown us the extent of the uncertainty about revenues that has made school district financial planning extremely difficult.

The Political Layout of the State

The governor who appointed the advisory committee for Ohio's education block grant was James A. Rhodes, whose fourth term ended January 1983. Rhodes' interest in education was characterized by a commitment to vocational education and to building new buildings. His education policy was expressed in two mottos: "Every boy and girl who graduates from high school in Ohio should have a diploma in one hand and a job in the other"; and, " . . . a college within 30 miles of every Ohioan."

The State Superintendent, currently Dr. Franklin Walter, is appointed by the State Board of Education and is therefore politically independent of the governor.[1] However, the state board is weak compared to other political interests. Well-organized interest groups on education issues in Ohio include the traditional labor and management groups as well as the Catholic Conference of Ohio (about 200,000 Ohio children attend Catholic schools, about 11 percent of total school enrollment).

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[1]See Citizens' Council for Ohio Schools, Stronger Leadership for Education: The State Board of Education of Ohio (Cleveland, Ohio: Citizens' Council for Ohio Schools, November 1980).

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Setting the Stage for Chapter 2

Governor Rhodes deferred to Superintendent Walter in appointing the state advisory committee. Only two members have previous experience in state education policy. Everyone else on the committee is unknown around the state capital. Not one committee member lives in Cuyahoga County, the state's most populous county and the one that contains Cleveland. Not one lives in a district that has court-ordered desegregation (Cleveland, Columbus, and Dayton) and therefore received large ESAA grants before the ECIA of 1981 was enacted. The committee appointments were announced by the governor's office on December 8, 1981.

There has been very little interest in the education block grant in the Ohio legislature, although there was (and is) a great deal of interest in the other federal block grants among both legislators and interest groups. The committee has met six or eight times, as of May 1983. We don't know exactly how many times it has met because the committee has received little press coverage and its meetings have not been announced publicly in advance. Although Ohio has a fairly broad "sunshine" law, an assistant superintendent said it doesn't apply to advisory committees. The chairman of the committee was not concerned that the meetings are not announced publicly. He said that the committee's makeup represents a cross section of Ohioans. He said there have been a few observers at the meetings; they would have been allowed to speak if they had asked permission.

A written request to the department of education for copies of the minutes did not bring results, although the chairman says that

there are minutes. The committee has never issued a report and has never discussed producing one.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

The formula for the distribution of Ohio's block grant money was developed by a "Task Force to Study the Implementation of the Block Grants." The task force members included seven local superintendents (three urban, four rural), the chief of education programs of the Ohio Department of Mental Retardation and Developmental Disabilities, the executive secretary for education of the Catholic Conference of Ohio, and five State Department of Education bureaucrats.

According to the committee's chairman, there was considerable discussion of the formula. Because a number of districts had been receiving large ESAA grants, they stood to lose a lot with the block grant. The chairman said "there was a work-up" of how much money each district would lose in the transition from the categorical programs to the block grant. The analysis was not distributed widely. The chairman cited the lack of "screaming" from the districts about the distribution formula as proof that the committee had done a good job of designing it. (The Chapter 2 formula closely resembles the state's formula for aid equalization.)

The SEA's Share

The task force did not discuss the possibility that the department would keep an amount other than the 20 percent. The committee did

discuss the 20 percent, and decided that concentrating the money in the department of education would do more good than spreading it out over the school districts. The department presented its plan for using the funds to the committee, and according to the chairman, there were many questions. However, the committee agreed to what the department wanted to do.

Public Involvement

The committee discussed citizen participation at the local level as a requirement of the block grant. The chairman said, however, that most local districts already have advisory councils, and it would be a matter of just "plugging them in." The chairman is under the impression that any district that did not have an advisory council would have its block grant application rejected. (The SEA requires that local districts provide for some form of parent/public involvement, but it has not prescribed advisory councils as the appropriate mechanism.)

III. DOES INTEREST IN CHAPTER 2 CONTINUE?

The Continuing Role of the SAC

The advisory committee plans to meet regularly. The U.S. Department of Education has asked Ohio to reconsider its weighting of disadvantaged students. The implication is that not enough money is going to nonpublic schools. The state department is monitoring implementation of the block grants.

The Future of the SAC and Chapter 2

Block grant decisions just were not a very important part of state policy-making in Ohio in 1982. However, as federal policy, Chapter 2 represents an important change of direction. Chapter 2 greatly changed the distribution of funds from what it had been under previous programs--it distributed money away from the large cities.

The state's allocation decreased only 19.2 percent between 1981-82 and 1982-83, but Cleveland's allocation decreased 80.6 percent. The important reason for the redistribution within Ohio was the discontinuation of the ESAA grants for desegregation. In 1981-82, ten Ohio districts received $7.4 million in ESAA grants. Columbus, for example, received $3.6 million in ESAA funds in 1981-82; their block grant for 1982-83 was $619,000. For other kinds of public school districts and for private schools, the block grant program may have meant an increase, but for cities with desegregation programs, block grants took away millions of dollars.

The need to implement the education block grant came to Ohio at a time when there was a multitude of other issues for everyone interested in education policy to attend to. The governor did not care much about education as a political issue. (Our new governor would have been much more likely to appoint his own citizen advisory group.) The typical attitude of the legislature here is that federal money for education does not concern them unless it calls for a state match. Our department of education, accordingly, views federal money as money for which they don't have to account to the legislature. (The legislature does scrutinize

the department carefully on their use of state funds.) In fairness, the department of education has used federal money to address issues like desegregation, on which the legislature and the public might have had trouble agreeing. This may explain, but does not excuse, the department's secretive behavior in setting up the advisory committee for the block grant.

The structure and function of the advisory committee and the design of the formula were handled in a routine manner by the department of education. This was not the first time that they had used advisory committees to rubber stamp what they wanted to do, or that they attempted to be more responsive to school administrators than to any other group (i.e., by using the "Task Force" made up of superintendents to devise the formula that was presented to the advisory committee).

The likely future for the advisory committee is that the department of education will try to keep tight control of it. Public interest is not likely to increase, particularly if the federal government continues to cut the amount of money coming through the block grant. Ohio will continue to follow the letter of the law in implementing the program. The only way that the federal government will get the Ohio Department of Education to do things differently will be to increase substantially the amount of money and/or tighten up the regulations for its use. This last observation might be an important one if the federal government ever decides to begin a new education initiative. A relatively small amount of money with few strings attached will not produce change. A large amount of money will produce more interest in the decision process and

more participation. Loosening the regulations regarding citizen involvement (the requirement that local districts must provide assurance that they have consulted with citizens is a loose requirement) will lessen citizen involvement, because local districts will do the minimum that they are required to do.

In Ohio, block granting a relatively small amount of money did not increase citizen involvement by bringing decision-making closer to the people. If anything, it isolated state and local administrators from critical public scrutiny of what they do with federal funds.

RHODE ISLAND

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per SqMi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
RI	2,187	-23.6%	8,266	179/09.1%	2,450	13.2%	7.1%	10.6%	903/1	8.8%

I. THE BACKGROUND

The Political Layout of the State

Educational policy in Rhode Island is represented by the Board of Regents, who are appointed by the governor. The board in turn appoints the commissioner of education. The commissioner's seat is currently vacant, and therefore there is no formal public educational policy statement. However, the board's key concerns are competency and competency testing.

Strong advocacy groups include the Providence Teachers Union, the Rhode Island Chapter of the NEA, and the Coalition for Educationally Disadvantaged Children. Several groups also advocate bilingual education in Providence.

Education seems to have shared equally with other priorities in recent state funding cutbacks; the state's Bilingual Education Act was

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This report was written by Eleanor King, a parent and citizen active in the Rhode Island Coalition for Educationally Disadvantaged Children.

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one of the programs that did not get funded. The State Education Department was recently reorganized to include a division that is concerned with local funding of gifted, special education, bilingual, and other high-cost populations. The recent influx of Cambodian refugees and other special populations has made bilingual education a major issue, especially in light of the board of regents' current push for competency testing in the state.

Setting the Stage for Chapter 2

On February 15, 1982, Governor J. Joseph Garrity appointed a 27-member Education Block Grant Advisory Committee. The governor deferred to the chief state school officer in the selection of appointees, who represent all groups required by law and include an advocate for gifted and talented children and two state legislators. Parents in Rhode Island had been extremely active in ESEA Title I for many years. As a result, when the block grant for education became a reality, the group requested that the governor appoint persons from within their group who were knowledgeable about the educational needs of disadvantaged children. Unfortunately, the governor did not appoint any of the persons that they recommended. The parent representation appointed tended to be school administrators.

II. MAJOR ISSUES IN CHAPTER 2

The advisory committee held four formal meetings (on March 13, March 24, March 27, and March 30, 1982) prior to a public hearing on the committee proposals. The meetings were open but poorly advertised.

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Some groups did take the opportunity to speak before the council. Minutes of the meetings were kept and made available on request to advocacy groups.

The Formula and SEA Share

The committee agreed that the needs of high-cost students were important and felt these needs would be represented by distribution of 30 percent of the 80 percent set aside for formula distribution to local districts. Another primary concern of the committee was to minimize the potential harm to local districts by providing a minimum allotment of $1000 to each district, regardless of enrollment.

The advisory committee accepted the SEA's proposal to use 20 percent of the Chapter 2 funds for state level programs and asked the SEA to make specific recommendations for use of these funds. The SEA state program recommendation essentially supported existing programs with little change.

The state superintendent's office was very thorough in distributing information to local superintendents and principals on potential Chapter 2 effects. Informational meetings were held on April 19 and April 21 to acquaint nonpublic schools with potential impacts. Any principal/administrator not responding to a letter sent announcing the purpose of these meetings was contacted by the Title I administrator.

Public Involvement

On April 15, open hearings were held by the advisory committee and SEA to receive input on Chapter 2. About 40 people attended the

hearing. Eleven speakers presented testimony, and several written testimonies were received. Parents were alerted about this public hearing from both the president of the Providence Teachers Union and a superintendent of schools in Providence, as well as from a committee member. Parents prepared written statements regarding their feelings about how the proposed formula would affect their school districts.

The formula previously proposed by the committee contained an allocation of 20 percent of the funds to be used by the State Department of Education for operating expenses. The remaining 80 percent would be allocated to school districts in a 70/30 percent split. Seventy percent would be allocated to school districts based on the number of school children in those districts, and only 30 percent of the funds would be allocated to school districts based on the number of children with high-cost educational needs who attend school in those districts. It was interesting to note that most of the parents and school officials who did attend were from the cities and towns where there was a high percentage of children who were costly to educate.

During the testimony, parents and professionals alike stated that "the formula should be allocated so that the monies would go to the school districts where there was the greatest need." A representative of private schools remarked that "nonpublic schools should participate equitably in the Chapter 2 program." She indicated that equitable participation meant that nonpublic schools should share in all the block grant monies that go to local districts.

The Rhode Island Chapter of ACLU has been investigating the issues raised by these provisions for private school participation and

has serious concerns regarding how they relate to church-state issues. This summer, they have filed a lawsuit challenging the constitutionality of the program, which, if successful, will prevent the state from allocating funds for fiscal year 1983-84.

Speakers who raised the issue of the 20 percent allocation to the State Department of Education supported retaining the full 20 percent of the funds for administration of this program.

II. DOES INTEREST IN CHAPTER 2 CONTINUE?

The Continuing Role of the SAC

Following the open hearing that was held, the Chapter 2 Block Grant Committee met on April 20, 1982. Approximately 18 committee members and a number of parents attended. The chairperson of the committee informed the group of the results of the public hearing. The chairperson centered his presentation to the committee on the testimony of one person, who had spoken about private schools. She had stated that, in her opinion, the law and regulations mandated that nonpublic schools should share in all the block grant monies that go to local districts on basic enrollment allocation and the high-cost allocation as well.

As a result of this opinion, the department of education called upon their legal advisors for interpretation regarding their plan for the allocation of this money. Their opinion was that the Rhode Island Department of Education would be wrong to exclude, automatically, nonpublic schools from sharing in the high-cost pupil allocations in those local education agencies that qualify for the high-cost money. If it was Rhode Island's intent to have nonpublic schools demonstrate that

they had high-cost students before sharing in the high-cost money, this was not the intent of the law. Since public schools were not required to spend the high-cost money on the high-cost students, nonpublic schools should not have to demonstrate that they have such high-cost students in order to share in the high-cost allocations.

This interpretation meant that the figure that had been available with a 70/30 split would now change drastically. In other words, under the 70/30 split, Providence would have to allocate $62,691, or 33 percent of its high-cost allocation, to nonpublic schools, regardless of need. Only $129,982 would remain for high-cost children in the public schools.

As a result, the 70/30 split was not adopted by the committee. The council finally agreed on a 60/40 formula split. Under the 60/40 split, Providence would end up with a total of $477,934, or $90,000 more for its high-cost children than they previously would have received; another poor school district in Rhode Island would also receive an increase.

The parents and educators who attended the public testimony and the follow-up meeting for the adoption of the formula had achieved their goal: they had, in fact, influenced the committee and obtained more funds for high-cost children in their school districts.

The Future of the SAC

Parents have requested that the department of education provide them with minutes of all meetings. A review of the minutes disclosed that the department has begun an evaluation process. The evaluation plan developed for Chapter 2 borrows heavily on the evaluation system

utilized by ESEA, Title IV, Part B. It is expected that in the fall of 1983 the complete report will be presented to the advisory council.

Early in 1983, a motion was made and passed by the council to recommend that the state retain the high-cost factors of Special Education, AFDC, and LEP* students. During the council meeting held in March 1982, motions were passed to continue to allocate to the State Department of Education 20 percent of the funds, and to retain the previous year's formula allocation of 60/40 percent.

The Future of Chapter 2

One unsettling element that became evident as a result of the hearing and the meeting was the fact that once funds were distributed to the local school district, the funds did not have to follow the children who attracted them there. Members of the advisory council tried to draft guidelines that would have mandated that certain percentages of the money would have to be spent on these high-cost children. However, legal advisors informed the council that they could not mandate to local education agencies that this money be spent to educate high-cost children. One member of the council stressed that it was imperative that parents and others concerned meet with local school officials to determine if their high-cost children were benefiting from Chapter 2 funds.

One of the larger school districts, with a large percentage of high-cost children, reported that all programs previously funded and now lumped into Chapter 2 are still operating, but at a reduced level of funding.

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*Limited English-Proficient.

SOUTH CAROLINA

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per Sq Mi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.2%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
SC	6,207	- 4.8%	7,027	674/07.6%	1,692	20.1%	41.2%	2.2%	103/3	11.9%

I. THE BACKGROUND

During the past two decades, South Carolina, like many other southern states, has received a great deal of federal money, most of it as a result of Title I. The state has received other federal dollars as well, but those monies have generally flowed through the State Education Agency (SEA) to school districts for very specific purposes and under guidelines established by the SEA. How federal funds were used within the department has been determined by the state superintendent of education and his staff, who have also influenced to a large extent how federal aid would flow out into the districts. Both responsibilities have required, according to the SEA, a build-up of SEA staff.

The passage of the Education Consolidation and Improvement Act (ECIA) was welcomed by some South Carolinians as a more flexible and efficient way of using federal dollars. Others feared that this block

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This report was written by Joy Sovde, an education advocate, for the Southeast Public Education Project.

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grant approach would destroy programs that had been an asset to the state educational system and to low-achieving students in particular. Since the monies could be used in "new ways," some individuals hoped the schools would use either the Title I Parent Advisory Councils or the School Advisory Councils mandated by the South Carolina Education Finance Act to broaden the input on how the Chapter 2 funds might be spent. However, the experience of South Carolina has shown that Chapter 2 dollars have generally not been used more creatively than categorical funds, and that little effort has been made to consult existing advisory councils.

The Political Layout of the State

The governor of South Carolina, Richard W. Riley, is a strong proponent of public education. Since his inauguration in 1979, Riley has actively campaigned to promote citizen participation in education. He has also spent a lot of time and energy developing a statewide system of early childhood education and promoting full funding for the Education Finance Act (EFA) of 1977. The EFA is a finance reform measure designed to ensure equal educational opportunity throughout the state, but it is being implemented on a phase-in basis.

It should be pointed out, however, that South Carolina is basically a legislative state, and the governor's power is, in reality, based on his power of persuasion. The state superintendent of education, who is publicly elected, has historically exercised his power by drafting the state's educational budget. The state superintendent also strongly influences the state board of education (though the members are

appointed by the legislature), and thereby plays a major role in formulating the state's educational policy and goals.

During the past ten years, the legislature has assumed a stronger role in education. It has even gone so far as to veto state board of education regulations, and to set up commissions outside the realm of the SEA and board to promote the implementation of state legislation. In 1977, the legislature passed the Education Finance Act. In 1978, it passed the Basic Skills Assessment Act, which set minimum standards in all grades for reading, math, and writing; set up a statewide testing program to assess students' competencies in those subject areas; and promised remediation for those who fell below those minimum standards. In 1979 the legislature passed the Educator Improvement Act, a system designed to improve the quality of in-service and teacher training in the state. None of these pieces of legislation were educator-inspired. Rather, they were the result of individual legislators or citizen groups concerned with the quality of education in South Carolina. The implementation of each of these acts carried with it new rules, regulations, and methods of carrying out public education in the state. Many of the legislature's initiatives were seen by the educational administrators as intrusions into the education system of the state.

Setting the Stage for Chapter 2

Into this unresolved struggle for control of educational policy came the ECIA and its new methods, rules, and regulations.

Despite requests from the state board of education and several citizen groups to the contrary, the governor designated the state superintendent of education as the party responsible for administering ECIA. In an effort to promote harmony, the governor appointed half of the members of the state advisory committee and accepted the recommendations of the state superintendent for the remaining appointees. Because of the persistence of M. Hayes Mizell, executive director of the Southeastern Public Education Project (SEPEP), and the Citizens Coalition on South Carolina Public Schools (an organization of citizen groups responsible for the passage of the Education Finance Act and an active promoter of citizen participation in education policy-making), the advisory committee is a fairly diverse group. The first meeting of the committee was held in March 1982, and the state's plan for use of Chapter 2 funds was due in Washington in June. Despite a valiant effort on the part of the state advisory committee, the committee did not have adequate time for a full discussion of the new federal block grant and its use in 1982-83. Only a cursory attempt was made at getting public input into the process.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

The state advisory committee relied heavily on the recommendations of SEA officials to make their decision on the formula for distributing Chapter 2 funds. It was clear from the discussions that both the SEA and the committee wanted the money to be targeted toward low-achieving students. The formula, as agreed upon, uses two factors in

allocating the available Chapter 2 funds: 1) the relative enrollments in public (35-day enrollment for 180-day period) and nonpublic (fall membership count) schools per district for the second preceding school year; and 2) the Title I allocation count per district. The following breakdown provides further information on the funding formula:

	Enrollment	Low-Income	Total
Percent of Program Funds	70%	30%	100%
Amount of Program Funds	$3,476,047	$1,489,730	$4,965,777
Number of Children	688,499	176,738	865,237
Amount Per Child	$5.0487	$8.4290	--
Number of Local Districts	99	68	99

It was a stated intention of the SEA that the funds flowing to the districts would, "to the extent possible . . . reflect district fund amounts that approximate the percentage of the state total fund distribution that now exists under Title IV-B."[1] The clear implication for local districts was that the funds would continue to be spent as they had in the past.

The only other discussion that took place in this portion of the committee's work revolved around citizen input into the use of the monies at the district level, and the relationship of these monies to meeting the needs of children identified as a result of the Basic Skills Assessment Act. This issue, as well as the issue of public involvement

[1]The Chapter 2 formula is very close to the old IV-B formula, which was split 73% for enrollment and 27% for economic disadvantage.

in decisions about the use of Chapter 2 funds, became the focus for the rest of the committee's meetings.

The SEA's Share

It was not until the committee began discussing the use of the 20 percent share of the monies at the state level that a full-blown debate began on how the monies should be spent.

The SEA staff working with the committee did not provide detailed information on how the SEA had used funds under categorical programs that had been subsumed under Chapter 2, nor was information provided about how Chapter 2 funds would be spent in the future. This was important because the SEA was recommending a continuance of the way monies had previously been spent. As the committee delved deeper into the proposed expenditures, it became clear that some committee members and the SEA had differences as to the state's use of Chapter 2 funds.

In addition, a representative from the Fair Budget Coalition (FBC) outlined some of the organization's concerns about the proposed expenditures. The FBC was formed by a group of statewide organizations to monitor the effects of block grants on the services provided for citizens in the state; among the organizations involved in the FBC are the League of Women Voters of South Carolina, the NAACP, the Palmetto Legal Services, and SEPEP. The FBC representative raised the issue of whether some of the activities proposed for funding with Chapter 2 monies were not, in fact, state responsibilities. For instance, one of the activities to be funded was the expenses of the state superintendent when he attended, and/or was required to provide written

information for, meetings of other educational boards, such as the governing board for the Univeristy of South Carolina. It was the contention of the FBC that such activities should be funded by the state because they were activities required by state law and that these activities should not be funded by federal dollars, particularly when those dollars were scarce.

In addition, the Basic Skills Advisory Commission (BSAC) urged the committee to allocate some of the Chapter 2 money to help school districts meet the demands of the Basic Skills Assessment Program. Although BSAP is a state program, one of the areas for which Chapter 2 may be spent is basic skills. BSAC contended that basic skills improvement is clearly a state priority that should be extended to Chapter 2 as well.

The SEA's unwillingness to really define or detail how the monies would be spent caused some committee members to consider changes in the use of Chapter 2 funds.

It was at this point, however, that the time frame required for submitting a plan to the U.S. Department of Education became the crucial element. Time was running out and the plan had to be submitted for approval to the governor's office as well as to the Joint Appropriations Review Committee (JARC) of the General Assembly before sending it to the Education Department. (JARC is a House/Senate committee set up to review the state's acquisition and expenditure of funds from sources other than state revenues and appropriation.)

With a deep sense of frustration, the committee reluctantly agreed to accept the recommendations of the SEA on the expenditures

for Chapter 2 funds at the state level. However, they refused to accept a three-year plan for those expenditures, instead approving only a one-year plan. It was the committee's intent to review those expenditures when they had more time, and to request additional input from around the state before filing a multiple-year plan the following year.

The Fair Budget Coalition, however, pursued its concerns before the JARC, which insisted that the SEA, at a minimum, clearly detail how the money would be spent. Although JARC did not hold up the filing of the plan after receiving the details requested, they did promise to keep a watchful eye on the expenditures to ensure that state funds were not being supplanted. Thus, a three-year plan was submitted with the understanding that it could be revised at a later date if necessary.

Public Involvement

The time crunch made it all but impossible for the committee to receive public comment other than hearing the few groups who requested to come before the committee at their regular meetings. Again and again, Sarah Fox (the representative of the Citizens' Coalition), Hayes Mizell, and the Fair Budget Coalition raised the issue of public notice and public comment. The SEA asserted that Chapter 2 did not require that comments be received from interested local governments and persons, and that they had actually done more than was required by passing along their recommendations to the state's 92 superintendents and allowing them to comment.

Here again, the committee was concerned about parental/citizen involvement at the local level, but felt that it was beyond their prerogative to dictate to the local school district how this should occur.

III. DOES INTEREST IN CHAPTER 2 CONTINUE?

The Continuing Role of the SAC

The committee continues to meet. One of the liveliest meetings was held in December 1982, when the Basic Skills Advisory Commission again requested a change in the ways that monies were being used at the state level. The commission reuqested that an additional amount be allocated to the Office of General Education to enable the SEA to provide stronger leadership and technical assistance in the implementation of the Basic Skills Assessment Act. This proposal was hotly debated but narrowly defeated. The committee did vote to recommend to the SEA that the Basic Skills Commission be consulted as to how a special grants program to districts with the highest basic skills needs would be administered and implemented. However, the money to be used for these special grants was not Chapter 2 money but carryover money from categorical grants that had been subsumed under Chapter 2.

To date, the committee has not been very involved in evaluating Chapter 2's implementation. Quoting from a handout prepared by the SEA, "The activities funded in the South Carolina State Department of Education by the twenty percent of the ECIA, Chapter 2 money that is being retained at the state level will be evaluated in the same way as the ESEA, Title V-B program was evaluated. The Chapter 2 money is being used for the same purposes for which the Title V-B money was used." In addition, a Chapter 2 Evaluation Task Force was established by the SEA, and several members of the state advisory committee were asked to serve. This seems to be an indication of the SEA's effort to dilute the role of the committee.

The Future of the SAC

Interest on the part of the committee is very low as evidenced by the fact that they could not get a quorum for their last meeting. Members of the committee who are educational administrators continue to come, but, in general, the other members who had hoped for and seen an opportunity for change have realized they are in the minority.

With the exception of SEPEP and the Citizens' Coalition, no other outside groups are consistently monitoring the work of the committee. Those seeking change were disappointed by the lack of support and assistance from the governor's office and the legislature, and are not in a position to continue pressing the issues of public involvement in decision-making.

The attitude of the SEA and state superintendent is that they will do what is required by law, but that they are, by governor's decree, the administrators of the ECIA and therefore should be the decision-makers.

The Future of Chapter 2

Unless the activists on the state advisory committee are persistent in their efforts to pursue information and evaluation, it appears that Chapter 2 monies will continue to be used exactly as they have been in the past. The only change that may occur could result from an increased emphasis on basic skills improvement and the need for providing remediation. The test results from that program have been widely publicized and, because of the state's poor financial status at the moment, local districts and the SEA may be forced to rethink their

use of federal funds. That is more likely to occur at the local level, where the need for remediation is more crucially felt, than at the state level, where most of the federal dollars are being spent for staff positions.

SOUTH DAKOTA

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per SqMi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/177	9.5%
SD	2,187	+ 7.5%	7,334	141/09.1%	1,699	19.2%	7.8%	3.8%	9/0	4.5%

I. THE BACKGROUND

The Political Layout of the State

The state's governor is highly motivated, intelligent, and very innovative in dealing with the problems that confront South Dakota's small population. A strong supporter of public education, the governor has worked for increased state aid, now at more than $60 million.

The Department of Elementary and Secondary Education is under the Secretary of Education and Cultural Affairs, who is appointed by the governor. This appointment is confirmed by the State Board of Education, which is also appointed by the governor. The present secretary recently resigned to return to teaching, and will be replaced by the Secretary of Labor. She is a very capable person who will hold two positions with only one salary.

This report was written by Phyllis Willging, a parent and member of the South Dakota Chapter 2 State Advisory Committee.

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The present state superintendent of education also has recently resigned. A replacement has not been named. He had to make a number of cuts in his department due to cutbacks in state taxes.

The state legislature avoids dealing with the issues of public education. Most of the legislators do not see the value of education because they have been successful without it; over 70 percent of them are farmers or ranchers. There are some strong education advocates in the predominantly Republican legislature, but they are a minority. Thirteen percent of the legislators are women.

The South Dakota Education Association is one of the strongest advocates for public education in the state, and is highly respected by the governor and most of the legislators. The PTA is also highly respected and has been a strong advocate for public education. Other local groups that lobby for educational issues are the Association for Retarded Citizens, the Association for Children and Adults with Learning Disabilities, and the Associated School Boards, which emphasizes the small school (over 100 of the public schools have 25 or fewer teachers). The state has weathered the federal cuts relatively well since it was not involved in more than seven federal programs. The most crucial state financial program involves another look at reorganization and a study of the state aid formula (the method by which state dollars are distributed to local school districts). Another issue is certification and accreditation of nonpublic schools.

Setting the Stage for Chapter 2

In compliance with Chapter 2, a fifteen-member state advisory committee was appointed by the governor to advise the SEA on a formula

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for allocation of funds to the school districts and on the planning, development, support, implementation, and evaluation of state programs assisted under Chapter 2. Membership on the advisory committee represents public and private school children, teachers, parents, local boards of education, school district superintendents, principals, and institutions of higher education. Two groups have emerged as dominant--teachers and school board representatives.

At the time of this report, the committee had held only one meeting, in March 1982. The next meeting will be held at the discretion of the Secretary of Education and Cultural Affairs. The one session was held only for committee members and staff from the office of the education secretary. The staff explained the background of the office and the administrative duties they perform.

As a former member of the Title IV Advisory Council for our state, I feel that our state did an outstanding job in creating a competitive program for funding Title IV-C projects. Some of the projects were either being considered or were to be considered for national dissemination. One of the main concerns of people serving on the Title IV Advisory Council was the training of professional evaluators (within our own state). This proved to be one of the most successful undertakings of that council. Our state also developed a viable library (IV-B) system of checks and balances. An important component of this was the review every three years by either an advisory council member or a person from the state library staff.

A dominant force in education in South Dakota is the cooperative school district. Co-op districts exist because small districts cannot

meet the needs of students with unique or specific educational needs. The South Dakota definition of a co-op is "a unit created by two or more school districts by entering into an agreement to provide one or more special education services to the participating districts."

The Black Hills Co-op operated successfully in pre-Chapter 2 days on a grant from Title IV funds. Its purpose was to provide vocational evaluation and training, and hands-on work experience to potential school dropouts in the western part of the state.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

The 80/20 percent split for local and state programs seemed to be the only solution for South Dakota. How to dispose of the 80 percent was the main discussion of the day. The Secretary of Education and Cultural Affairs informed the council that for those areas affected by the block grant, the Department of Elementary and Secondary Education (the SEA) would receive 35 percent fewer federal funds to administer former categorical programs. The chairman of the council asked if the specific number of full-time staff positions would be addressed during the SAC deliberation. The council was advised that they should indicate what services should be provided and how they should be managed. It was noted that the state legislature appropriates staff positions as well as dollars, which restricts administrative flexibility under the block grant concept. South Dakota does not have a large minority population, although it does have both impact aid students* and Native-American students who receive assistance from other federal funds.

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* Students whose parents reside or work on federal installations.

Because of this, these students were not considered to be an influencing factor. Small schools received a lot of attention; in the 1980-1981 school year, a total of 40 schools had a population of 300 or fewer students.

The representatives from the state board of education and the South Dakota Education Association dominated the discussion. Local effort was a factor that was considered. Many districts use the full allowable mill levy to provide education for their students; others do not. Some concern was expressed that Title I (now Chapter 1) youngsters should be used as a high-cost factor.

The SAC took a strong role in developing workable criteria for the use of Chapter 2 funds. It recommended that the state education agency reserve 20 percent of the state's allocation for state-authorized functions. The remaining funds were to be used as recommended:

- 90 percent to local districts on the basis of fall enrollment.
- 5 percent for handicapped students who need special education.
- 5 percent on the basis of a small school factor, which would create eligibility for school districts that
  a) have enrollments under 300 students,
  b) have a public high school at least 20 miles from another district's public high school, and,
  c) are one of the 40 most sparsely populated school districts in South Dakota (using public school average daily membership per square mile).

The SEA's Share

The state advisory committee recommended that the state board of education should use the remaining 20 percent to do the following:

- Accent gifted and talented education as a state-level priority under the block grant.
- Support the concept of community schools, including a plea to local school districts to fully utilize the school facilities in their community.
- Reassess its position concerning the priority it gives to state leadership in the areas of guidance and counseling and career education.
- Emphasize the use of its block grant funds for curriculum and instruction, particularly in the areas of basic skills, in-service training, and the state superintendent's discretionary fund.

In April 1982 the State Board of Education approved the recommendation made by the Chapter 2 SAC, and agreed to use the 20 percent state authorized funds for the following functions:

- Assistance to school districts and nonpublic schools to improve basic skills instructional programs.
- Technical assistance to school districts and nonpublic schools for improved curriculum development and implementation, including community education, guidance services, and library services.
- Provide personnel to administer the Chapter 2 program.

- Provide staff development opportunities for teachers, administrators, school board members, school support staff, and state education agency staff.
- Implement state education agency research, data collection, information dissemination, and accounting.
- Help school districts and nonpublic schools to improve programs for the gifted child.

The SAC felt the state board of education was very responsive to the guidance provided by the council.

Public Involvement

Four regional meetings were held to inform the public of the impact Chapter 2 would have on local school districts. Some areas of concern that surfaced were the high-cost student, and local districts that are sparsely populated and have a low student population. A lot of the discussion focused on other "high-cost factor" students--special education, Native American, and impact aid students. The SAC examined both the 90/10 percent formula and the 80/20 percent formula. In our state, which has no state income tax, no corporate tax, nor any tax other than local property tax to fund education, education can be a difficult commodity to sell to the public and to the elected legislators.

Each local school district provided an assurance that they will involve parents, teachers, and administrators in the development and implementation of their Chapter 2 project. To the best of my knowledge, most of the school districts have chosen the committee approach to develop their project. They have appointed committees, which have held meetings

to air concerns, set their priorities, and provide direction to the school officials.

The Cornbelt Co-op comprises twelve districts (soon to be thirteen) and uses Chapter 2 funds for a preschool program and a K-12 gifted program. Sharing centers were established to involve parents in both observation and preschool programming and curriculum. Two boards govern the activities of the co-op--the board of school superintendents and a board representing the individual school boards from the participating districts. There were numerous meetings between both boards concerning the direction they should take in the use of Chapter 2 money. Parents have been involved in recent discussions and have started an advisory council for issues concerning gifted students.

III. DOES INTEREST IN CHAPTER 2 CONTINUE?

The Continuing Role of the SAC

SAC members have been led to believe that the law does not call for their involvement in oversight or evaluation. Consequently, the SAC is not becoming involved in oversight activities or audit criteria. At the present time, the state advisory council also does not plan to implement evaluation activities related to Chapter 2.

The Future of the SAC

It also appears the SAC appointments will continue and no changes will be made by the governor. No state legislator was appointed to the SAC, since state law prohibits legislative appointments to advisory committees. Also, no formal procedure has been developed to provide SAC input to legislators.

The Future of Chapter 2

It appears that the direction provided by the federal government for SEA evaluation and auditing of local projects will have a major impact. At present, there is no clear regulation established on evaluation and auditing. However, the federal government plans to distribute nonregulatory guidance, which will help clarify concerns in evaluation and auditing.

In South Dakota, over 100 of the 195 school districts developed a project that had a computer objective of some type. The implementation of computer activities would probably have been much slower if school boards were to budget local funds for these activities.

The school districts' allocations were for the most part under $10,000. This amount of funding does not allow schools to hire personnel, so the districts have been developing projects that could be incorporated into the activities of the present school staff.

WASHINGTON

Vital Education Statistics

	Chap. 2 Grant (thous.)	% Gain or Loss	Per Capita Income	No. School Aged/% Priv. School	Average Per Pup. Expend	% Poor Aged 5-17	% Minority Population	% Minority Language Aged 5-17	Population Per SqMi/ No. Big Cities	% Unemp. (6/82)
U.S.	$470,400	-12.3%	$8,706	45,786/11.1%	$2,210	15.7%	26.7%	9.5%	64/17?	9.5%
WA	7,353	-26.9%	9,435	1,071/05.4%	2,575	8.4%	10.7%	4.8%	62/3	12.1%

I. THE BACKGROUND

The federal education block grant has been implemented smoothly in Washington state--a credit to all involved in the changes. The governor appointed a politically representative and sensitive state advisory committee, following the legislative requirements closely. The committee handled its task easily and efficiently, taking consensual action whenever possible. The state education agency has made professional resources readily available to local districts and continues to provide competent and varied technical assistance. An effort has been made to explain to different groups the changes in federal support. Only one district--the large, urban Seattle system--has experienced a substantial loss in the shift from categorical to block grant funds. However, citizens seem to have suffered a net loss in their search for responsive schools and curricular excellence.

This report was writen by Pamela J. Keating, Ph.D., of the Institute for the Study of Educational Policy at the University of Washington at Seattle, at the request of the Citizens Education Center Northwest. The findings and conclusions are those of the author alone and do not represent either agency.

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The Political Layout of the State

Washington is one of eight states characterized by a statutory separation of the governor and the elected chief state school officer. The governor's office, therefore, has no official education policies. Further, the governor does not have the authority to appoint a body to define particular actions for the superintendent of public instruction. This significantly restricted the role of the SAC, especially with respect to recommendations for the SEA portion of Chapter 2 funds.

No single interest group or agency controls educational policy, although the superintendent of public instruction is quite powerful. Representing the superintendent and charged with [illegible] state's block grant implementation is the former director of minority education programs, who has become assistant superintendent for curriculum and instruction since assuming block grant responsibilities. It is undoubtedly advantageous to committee members and citizens to have this degree of block-grant expertise vested in the person responsible for curriculum and instruction in the state.

Support for schools in Washington has been a continuing commitment for the state's citizens. A strong state teacher organization has ensured relatively high pay and status to the state's teachers. Through the state NEA-affiliated Washington Education Association, teachers have considerable political power. Administrators are well-ensconced, organized, and distinguished by their professional staffing. And a stable tradition of citizen involvement in education has balanced educational interests and provided leadership in supporting the state's public schools, particularly in promoting passage of local district levies.

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Educational finance reform has been addressed by the state courts, and in 1977 the legislature was directed to define basic education and to meet the state constitutional duty for ample funding. The task was accomplished during the 1978-1979 sessions, with the legislature defining basic education largely in terms of student-staffing ratios for different levels and types of school services. In addition, a lid was applied to local revenue raising, limiting district levies to 10 percent of the district's state allocation.

This change in school support in Washington state occurred shortly after the ground-breaking school finance reform efforts in California and Texas. Citizens (particularly the active Seattle-based Citizens for Fair School Funding) united with teachers and administrators to force the reform in Washington. Unfortunately, the legislature defined basic education narrowly, funded it relatively minimally, and then limited district contributions.

More unfortunately still, a surplus of general operating revenue was used to strengthen arguments for revenue reductions and to assume the responsibility for amply funding schools earlier than expected. When the state experienced a dramatic recession in 1981-83, education, protected for the most part by the basic education commitment, took an increasingly large chunk of the state's revenues. The reductions and reallocations in federal support represented by the block grant can best be seen against this background of declining revenues and increasing state responsibility for funding the schools.

Setting the Stage for Chapter 2

The governor's office responded to the requirement to form the advisory committee fairly quickly. A carefully representative state advisory committee was appointed about four months after the federal Department of Education briefing. At the first of its eight meetings, the committee elected a chairperson and began its main work: the distribution formula.

Undoubtedly as a result of the democratic nature of educational policy-making in Washington, the state commission was large and more politically sensitive than innovative. Gifted education advocates and the vice president of the state teacher's organization were among those appointed, although these individual interests were not especially reflected in the formula.

In Washington, the state agency, university researchers, and local applicants have enjoyed considerable success in federal education grants competitions, including funds from programs consolidated in Chapter 2. Although the general loss of funds is clearly a blow to a formerly grants-rich state such as Washington, little agitation has been evident during this initial implementation year. Whether the competitive environment that fostered new ideas and programs in the past will be replaced by more consistent high performance under Chapter 2 remains to be determined.

II. MAJOR ISSUES IN CHAPTER 2

The Formula

State office personnel recommended that three-quarters of 80 percent reserved for local districts flow through on the basis of

enrollment, and one quarter on the basis of high- and low-achievement, using the state's fourth-grade test results. The state committee raised two significant issues in response to the recommendation: (1) the need for accurate "high-cost" factors in calculating the formula, suggesting formula weightings such as sparsity and low-income factors; and (2) the disproportionate impact of the proposed formula for some districts, particularly the Seattle district, which stood to lose nearly $4 million in desegregation assistance through the consolidation of the Emergency School Aid Act.

The committee was successful in requesting more accurate weighting of the high-cost factors for distributing the 80 percent flow-through funds. The formula, subsequently adopted in late spring 1982, struck a balance between the interest in per capita allocation and that of weighted factors for fair distribution, with a formula based 50 percent on enrollment and 50 percent on special needs. For purposes of calculating each district allotment, enrollment figures included both public and certified private school pupils. Minority student population accounts for 10 percent; racial isolation, 10 percent; gifted students, 10 percent; limited English speaking students, 5 percent; and low-income (based on free and reduced lunch data), 15 percent.

The SEA's Share

At the initial meeting of the SAC, a state office staff member also presented plans to use the full 20 percent of the state allocation to retain staff positions that were threatened by state legislative funding reductions. Committee members objected to the full use of the

eligible funds, and identified what continues to be the only major tension in the state implementation process: how much the superintendent can keep at the state level. The committee seems suspicious of the superintendent's office for retaining the full amount and using the money to fund staff salaries--in whole or in part--without clear commitment of resources to any former program purposes. However, because of the statutory separation of the governor and the superintendent of public instruction, the state advisory committee, which is appointed by the governor, cannot control either the amount or the way the 20 percent is spent. Committee members have failed to suggest meaningful uses for the 20 percent, but have repeatedly challenged state office personnel to increase the amount available for local programs by retaining less than the 20 percent maximum. Instead of responding creatively to the committee's concerns, the state staff members have reasserted their right to the full funding amount and described the staff services covered under the allocation. They have, however, been open to suggestions on how they could respond in a technical or advisory capacity.

Public Involvement

To encourage parent and teacher involvement in program planning and local district decision-making, the state advisory committee prepared a clear, accessible pamphlet, "Don't Be Blocked by Block Grants," describing the change from categorical to block grant funding and the allocation formula adopted by the committee. Pieces on the block grant were also published by several local and statewide organizations. Two

local organizations, the Institute for the Study of Educational Policy at the University of Washington and the Citizens Education Center Northwest, as well as the State Education Roundtable, held briefing sessions.

It would have been politically infeasible to argue for stronger weightings than had already been derived. Neither the advisory committee nor any citizen organization could have helped Seattle mitigate its inordinate loss. Support for Seattle at minimal previous funding levels would have required over one-half the state allocation. To specifically divert funds to that district may not have been legally permissible and would have dramatically reduced allocations to other districts. But the committee's addition of the 10 percent racial isolation factor, prior to final formula adoption, doubles the Seattle allocation. Because most districts gained money, no real dissent was heard.

III. DOES INTEREST IN CHAPTER 2 CONTINUE?

The Continuing Role of the SAC

In the spring 1983 formula reevaluation, the committee, in a narrow vote and with a number of conservative members absent, recommended reducing the per capita enrollment allocation to 35 percent in order to allow for a 15 percent allocation for low-income concentration. The superintendent of public instruction decided not to implement the advisory committee's recommendations to change the formula, but to retain the formula used in the 1982-83 school year. While this rejection of committee action increases the tension between the committee and the superintendent's office, most observers of the block grant implementation

agree that the formula is fair. At least it is structurally fair, although projected district allocations range from a low of $2.52 per pupil to a high of $38.15. And despite the advisory committee weighting for district distribution, there are no controls on within-district expenditure--districts are not obligated to spend the money for particular purposes or specific populations.

The Future of the SAC and Chapter 2

In spite of the fairness of the distribution formula and the professional competence of the state agency personnel, citizens in Washington have lost more than they probably realize in this transition from categorical to block grant funding, even though most districts in the state now receive more federal money than they did before. Because categorical funds were competitively and politically awarded, they fostered program innovation and methodological improvement. The block grant, under the guise of local control, masks a disinvestment in innovation, excellence, and development of new knowledge and programs. Federal funds have functioned as the risk-capital in education, the money that supported development and evaluation.

Local districts are, for the most part, delighted with the sum of money available to them. They have chosen to buy computer hardware and books, supplies that are especially needed during belt-tightening times in state support. By purchasing physical resources instead of investing in the innovation represented in the previous categorical programs, the districts have demonstrated a lack of creativity as well as confusion. Skepticism of simplified funding procedures and program oversight, and a lack of information and imagination regarding program

options, have made such "safe" purchases preferable. The federal Department of Education has offered virtually no direction or assistance to districts, state agencies, or former grantees to assist local districts in continuing, modifying, or even investigating the investments of the past. Fragmentation of information and program discontinuity caused by the shift in block grants has meant that local districts were essentially unencumbered and relatively unprepared to spend the block grant funds. Citizen representation already in place at the time of the transition, such as local school boards or advisory groups, have basically ratified local district office recommendations.

The state agency sees its role as primarily a support function in Chapter 2 implementation--providing the state committee with pertinent information, making program specialists and technical expertise available to districts. This neutral, nondirective attitude supports local choice, but offers neither leadership in local needs assessment nor descriptions of the possible range of programs. Moreover, citizens do not control the local choices; local district agency personnel do.

This lack of program leadership and curricular enrichment is important to citizens concerned about a relevant and exemplary curriculum. Not only has the investment in innovation and program development been effectively abandoned, but the formula funding structure itself inhibits interest group advocacy for special curricular emphasis or programs. If more interstate and interdistrict cooperation occurs to contribute to program development and information dissemination, or citizens take a tremendous amount of initiative in requesting particular uses of local funds, or more money is supplied by the state so

that the federal funds become truly supplemental, then the block grant could mark the positive return to local control it was meant to represent. For the present, districts in Washington State gained a fair distribution of dollars, but citizens lost the edge toward excellence.

American Association of School Administrators, "The Impact of Chapter 2 of the Education Consolidation and Improvement Act on Local Education Agencies," (AASA, 1980 N. Moore St., Arlington, VA 22207), Spring 1983.

Council of Great City Schools, "Trends in Federal Funding to Urban Schools: A Progress Report on the Reagan Years," (CGCS, 1413 K St., NW, Washington, D.C. 20005), February 1983.

Darling-Hammond, Linda and Marks, Ellen L., "The New Federalism in Education: State Responses to the 1981 Education Consolidation and Improvement Act," The Rand Corporation, Santa Monica, CA 90406, February 1983.

Kyle, Regina M. J., "Kaleidoscopies: Emerging Patterns of Response and Action in ECIA Case Studies of Chapter 2 in Selected States," National Institute of Education, 1200 19th St., NW, Washington, D.C. 20208, July 1983.

APPENDIX I

A DEMOGRAPHIC FILE ON THE STATES

State	Population in Thousands	School-Aged Population in Thousands	Percent White	Percent Hispanic	Percent Black	Percent Poor Aged 5-17	Average Per Pupil Expenditure	Percent in Private School	Unemployment Rate
AL	3,728	820	65.80	.10	33.90	22.60	1,700	8.10	12.4
AK	411	93	71.10	1.30	3.40	9.30	4,522	4.50	10.0
AZ	2,373	548	66.70	21.90	3.90	14.90	2,064	6.90	9.2
AR	2,167	412	76.60	.20	22.60	23.30	1,493	4.60	10.0
CA	22,314	4,435	64.00	20.50	9.70	14.60	2,173	10.90	9.4
CO	2,706	580	79.70	14.60	4.10	11.20	2,517	6.40	8.5
CT	3,166	635	83.60	5.00	10.40	11.00	2,231	14.20	7.8
DE	584	121	74.30	1.40	23.50	14.50	2,570	18.40	9.5
FL	8,661	1,701	69.50	6.60	23.10	17.50	1,847	12.10	7.7
GA	5,075	1,152	64.60	.20	34.80	21.80	1,683	7.30	8.9
HI	902	202	22.20	6.80	1.40	10.80	2,276	17.10	10.1
ID	882	210	93.80	3.70	0.30	13.50	1,739	2.90	6.7
IL	11,238	2,348	73.30	5.50	20.00	14.90	2,399	15.40	11.7
IN	5,387	1,163	89.00	1.30	9.40	11.20	1,859	9.10	11.6
LA	2,906	590	96.30	.70	2.20	9.10	2,264	10.40	9.7
KS	2,347	450	88.70	2.50	7.30	10.20	2,137	5.50	6.3
KY	3,490	742	91.30	.10	8.40	24.10	1,643	9.60	12.9
LA	3,978	945	57.80	.80	40.50	24.30	1,771	16.90	12.4
ME	1,092	245	99.00	.10	.30	14.40	1,731	2.30	7.6
MD	4,148	860	68.20	.80	29.50	12.10	2,550	12.80	7.6
MA	5,771	1,123	90.50	2.70	5.90	13.10	2,629	12.70	9.0
MI	9,181	2,024	82.40	1.70	14.50	13.00	2,682	10.70	14.3
MN	4,204	843	95.40	.70	1.80	9.80	2,368	10.90	7.5
MS	2,409	523	51.50	.10	48.10	33.80	1,610	9.80	14.6
MO	4,847	978	84.50	.50	14.30	14.70	1,856	13.40	10.2
MT	780	163	90.40	1.00	0.30	12.10	2,215	6.40	9.1
NE	1,569	318	91.20	2.00	5.30	10.90	2,198	12.30	5.7
NV	666	156	82.90	4.50	9.20	9.60	2,124	4.00	9.2
NH	1,093	190	98.90	.30	0.50	8.60	1,860	11.20	7.8
NJ	7,316	1,480	73.70	7.60	17.30	8.00	2,818	15.80	8.6
NM	1,215	290	46.70	41.70	2.80	22.00	1,942	4.60	10.1
NY	17,746	3,480	69.10	11.00	18.20	18.50	3,180	17.70	8.5
NC	5,571	1,199	68.60	.20	29.60	18.10	1,712	5.00	9.7
ND	653	125	93.30	.50	0.50	15.60	1,977	8.90	6.3
OH	10,732	2,234	85.80	1.00	12.70	13.00	2,917	12.30	12.3
OK	2,843	596	77.20	1.50	9.70	15.10	1,941	2.80	4.6
OR	2,452	490	92.30	2.20	2.40	11.40	2,487	5.40	11.4
PA	11,763	2,327	86.00	1.40	12.10	13.90	2,524	18.30	10.3
RI	932	179	92.90	1.70	4.50	13.20	2,450	16.60	8.8
SC	3,902	674	58.10	.10	41.30	20.10	1,692	7.60	11.9
SD	690	141	92.20	.30	0.30	19.20	1,699	9.10	4.5
TN	4,333	937	78.50	.10	21.10	22.10	1,548	7.90	11.9
TX	13,047	3,035	58.80	25.70	14.70	19.10	2,073	5.00	7.7
UT	1,317	345	93.00	3.80	0.50	9.80	2,114	1.70	7.6
VT	47	105	98.20	.10	0.30	12.30	1,976	8.10	6.3
VA	5,177	1,087	72.90	.50	25.30	13.80	1,870	6.80	7.2
WA	3,793	1,071	89.30	2.80	3.20	8.40	2,575	5.40	12.1
WV	1,861	398	95.00	.10	4.60	18.00	1,905	3.50	14.4
WI	4,683	699	92.40	1.20	5.00	14.50	2,400	24.50	11.0
WY	425	102	91.50	5.90	0.90	6.80	2,759	3.90	5.2

ESEA TITLE IV-B FORMULAS: FY 81

State	Program Funds	Enrollment/Special Needs	Low Income	Sparsity	Tax Effort	Limited English Proficiency	Gifted and Talented	Low Achievement	Desegregation	Special Education	Other
AL	2,654,209	73/27%	17.0		4.0		6.0				
AK	280,407	30/70	25.0	25.0						20.0	
AZ	1,658,736	77.8/22.2		22.2							
AR	1,452,307	80/20		9.7	10.0					.3	
CA	14,749,496	66.5/33.5	14.8	5.3		13.4					
CO	1,820,250	45/55	15.0	15.0	10.0		15.0				
CT	2,077,437	10/90	30.0	6.0	40.0	14.0					
DE	303,649	65/35	20.0							15.0	
FL	5,204,192	79.3/20.7		1.09		14.08		5.36			.2
GA	3,653,155	70/30	15.0		15.0						
HI	575,686	66.7/33.3		6.3			1.1	25.9			
ID	577,044	60/40		10.0	30.0						
IL	7,949,022	73.6/26.4	13.7		9.7	3.0					
IN	3,814,140	78.6/21.4	7.12	9.48	4.7					.1	
IA	1,986,190	68.7/31.3		4.9	21.0	5.4					
KS	1,465,183	70/30	10.0	10.0						10.0	
KY	2,401,668	76/24	11.0	11.0	2.0						
LA	3,055,088	69/31	16.0		14.0					1.0	
ME	687,968	75/25	15.0	10.0							
MD	2,885,373	56.4/43.6		3.0	22.9		7.2	10.4			.1
MA	3,838,908	70/30	9.0		20.0	1.0					
MI	6,646,884	66.3/33.5	15.8	2.7	10.8	3.1					1.0
MN	2,841,576	78.5/21.5		16.6	2.4				2.5		
MS	1,784,267	70/30	10.0	5.0	15.0						
MO	3,006,819	81.19	8.0	8.3	2.0					.7	
MT	467,573	74/26	5.0	9.0	12.0						
NE	933,059	60/40	4.4	7.0	23.8		4.4			.3	
NV	376,325	60/40		10.0			10.0	20.0			
NH	493,712	75/25	14.5		10.0	.5					
NJ	4,953,431	33/67	26.0	1.0	39.0						1.0
NM	834,328	70/30		15.0				15.0			
NY	11,755,109	70/30			5.0			25.0			
NC	3,832,717	69/31	11.0		4.0		6.0			10.0	
ND	403,458	65/35	7.0	13.0	15.0						
OH	7,485,199	70/30	13.0		15.0	1.0					1.0
OK	1,754,180	76/24	7.0	.3	15.0	.3				2.0	
OR	1,578,783	73/27	10.0	4.0	13.0						
PA	7,680,912	75/25	15.0		8.0					2.0	
RI	600,026	70/30	13.0			6.0				11.0	
SC	2,162,526	73/27	19.0		8.0						
SD	447,306	76/24		20.0	4.0						
TN	2,974,153	60/40	15.0	4.0	20.0						1.0
TX	9,213,380	45/55	23.0	2.3	20.0	9.3					.31
UT	967,883	64/36	1.7	11.9	18.5	3.9					
VT	279,990	55/45	15.0	15.0	15.0						
VA	3,501,456	75/25			10.0		15.0				
WA	2,556,485	73/27	9.6	1.7			5.2		5.2	5.3	
WV	1,185,052	69/31			27.0					4.0	
WI	3,287,839	82/18				2.0	16.0				
WY	188,080	60/40	3.0	2.0	32.0		3.0				

APPENDIX III.

SEA SPENDING OF CHAPTER 2

State	Amount Reserved for SEA Use	Percent Reserved for SEA	Percent for Chapter 2 Administration	PART A: Percent for SEA Basic Skills Programs	PART B: Percent for SEA Administration & Management	PART B: Percent for SEA Improv., Training, Desegregation, etc.	PART C: Percent for SEA Special Projects: Gifted and Talented	PART C: Percent for SEA Special Projects: Community Education	PART C: Percent for SEA Special Projects: Other
AL	$ 763,379	10.0	24.0	28.0	48.0				
AK	437,472	20.0	42.0		58.0				
AZ	509,841	10.0	19.0	6.0	66.0				9.0
AR	876,705	20.0	24.0	5.0	70.0				1.0
CA	8,051,845	19.5	6.0	27.0	35.0	18.0	4.0	4.0	10.0
CO	1,044,599	20.0	30.0	14.0	30.0	15.0	1.0	2.0	8.0
CT	1,125,210	20.0	13.0	2.0	59.0	15.0		2.0	7.0
DE	437,472	20.0	.5		90.0	9.0			
FL	3,185,031	20.0	14.0	4.0	45.0	37.0			
GA	2,172,948	20.0	8.0		92.0				
HI	437,472	20.0	13.0	3.0	71.0				13.0
ID	437,742	20.0	29.0		71.0				
IL	4,232,611	20.0	11.0	9.0	14.0	40.0	1.0	1.0	22.0
IN	2,116,486	20.0	9.0	20.0	26.0	38.0	7.0	2.0	4.0
LA	1,066,126	20.0	21.0	18.0	33.0	4.0	4.0	4.0	15.0
KS	825,868	20.0	18.0		82.0				
KY	1,411,586	20.0	24.0	3.0	54.0				18.0
LA	1,709,198	20.0	29.0		71.0				
ME	437,472	20.0	28.0	19.0	7.0	35.0	11.0		
MD	1,379,336	20.0	4.0	7.0	28.0	18.0	6.0	7.0	29.0
MA	2,034,762	20.0	16.0	2.0	50.0	25.0	2.0		5.0
MI	3,646,330	20.0	6.0	3.0	78.0	12.0			1.0
MN	1,525,930	20.0	22.0		68.0	10.0			
MS	1,056,729	20.0	21.0		79.0				
MO	1,728,826	20.0	11.0	4.0	63.0	22.0	.1		
MT	437,472	20.0	12.0	14.0	52.0	3.0			20.0
NE	572,576	20.0	17.0	7.0	23.0	53.0			
NV	437,472	20.0	20.0	24.0	55.0				
NH	437,472	20.0	6.0	2.0	92.0				
NJ	2,696,983	20.0	19.0		68.0	13.0			
NM	533,111	20.0	24.0		76.0				
NY	6,268,129	20.0	7.0	3.0	21.0	69.0			
NC	2,209,490	20.0	25.0		75.0				
ND	437,472	20.0	16.0		84.0				
OH	4,070,918	20.0	5.0	6.0	94.0				5.0
OK	1,096,911	20.0	18.0		82.0				
OR	926,299	20.0	8.0	4.0	55.0	20.0	2.0	11.0	
PA	3,627,212	17.4	10.0		47.0	42.0			
RI	437,472	20.0	37.0	21.0	32.0		10.0		
SC	1,260,222	20.0	17.0		83.0				
SD	437,472	20.0	9.0	59.0	25.0		7.0		
TN	1,715,784	20.0	4.0	2.0	61.0	31.0			2.0
TX	5,534,595	20.0	7.0	13.0	40.0	40.0			
UT	617,791	20.0	10.0		18.0	61.0		11.0	
VT	437,472	20.0	29.0	13.0	32.0	12.0	6.0		7.0
VA	1,964,964	20.0	2.0	5.0	59.0	24.0	5.0		5.0
WA	1,469,658	20.0	4.0		89.0	7.0			
WV	730,554	20.0	12.0		68.0	18.0			2.0
WI	1,783,826	20.0	9.0	1.0	45.0	36.0			9.0
WY	437,472	20.0	7.0		93.0				

TOTAL $81,106,611

From May 1983 NETWORK

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EFFECTIVE DATE

SEC. 547. This subtitle shall take effect on October 1, 1981.

Subtitle D—Elementary and Secondary Education Block Grant

SEC. 551. This subtitle may be cited as the "Education Consolidation and Improvement Act of 1981".

CHAPTER 2—CONSOLIDATION OF FEDERAL PROGRAMS FOR ELEMENTARY AND SECONDARY EDUCATION

STATEMENT OF PURPOSE

SEC. 561. (a) It is the purpose of this chapter to consolidate the program authorizations contained in—

(1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965;

(2) the Alcohol and Drug Abuse Education Act;

(3) part A and section 532 of title V of the Higher Education Act of 1965;

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(4) the Follow Through Act (on a phased basis);

(5) section 3(a)(1) of the National Science Foundation Act of 1950 relating to precollege science teacher training; and

(6) the Career Education Incentive Act;

into a single authorization of grants to States for the same purposes set forth in the provisions of law specified in this sentence, but to be used in accordance with the educational needs and priorities of State and local educational agencies as determined by such agencies. It is the further purpose and intent of Congress to financially assist State and local educational agencies to improve elementary and secondary education (including preschool education) for children attending both public and private schools, and to do so in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of their ability to educate children.

(b) The basic responsibility for the administration of funds made available under this chapter is in the State educational agencies, but it is the intent of Congress that this responsibility be carried out with a minimum of paperwork and that the responsibility for the design and implementation of programs assisted under the chapter shall be mainly that of local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents.

AUTHORIZATION OF APPROPRIATIONS; DURATION OF ASSISTANCE

SEC. 562. (a) There are authorized to be appropriated such sums as may be necessary for fiscal year 1982 and each of the five succeeding fiscal years to carry out the provisions of this chapter.

(b) During the period beginning July 1, 1982, and ending September 30, 1987, the Secretary shall, in accordance with the provisions of this subtitle, make payments to State educational agencies for the purposes of this chapter.

(c) Funds available under previously authorized programs shall be available for the purpose of such payments in accordance with section 514(b)(2) of the Omnibus Education Reconciliation Act of 1981.

ALLOTMENTS TO STATES

SEC. 563. (a) From the sums appropriated to carry out this chapter in any fiscal year, the Secretary shall reserve not to exceed 1 per centum for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs. The Secretary shall reserve an additional amount, not to exceed 6 per centum of the sums appropriated, to carry out the purposes of section 583. From the remainder of such sums the Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-age population of the State bears to the school-age population of all States, except that no State shall receive less than an amount equal to 0.5 per centum of such remainder.

(b) For the purposes of this section:

(1) The term "school-age population" means the population aged five through seventeen.

(2) The term "States" includes the fifty States, the District of Columbia, and Puerto Rico.

STATE APPLICATIONS

SEC. 584. (a) Any State which desires to receive grants under this chapter shall file an application with the Secretary which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this chapter;

(2) provides for a process of active and continuing consultation with the State educational agency of an advisory committee, appointed by the Governor and determined by the Governor to be broadly representative of the educational interests and the general public in the State, including persons representative of—

(A) public and private elementary and secondary schoolchildren;

(B) classroom teachers;

(C) parents of elementary and secondary schoolchildren;

(D) local boards of education;

(E) local and regional school administrators (including principals and superintendents);

(F) institutions of higher education; and

(G) the State legislature;

to advise the State educational agency on the allocation among authorized functions of funds (not to exceed 20 per centum of the amount of the State's allotment) reserved for State use under section 565(a), on the formula for the allocation of funds to local educational agencies, and on the planning, development, support, implementation, and evaluation of State programs assisted under this chapter;

(3) sets forth the planned allocation of funds reserved for State use under section 565(a) among subchapters A, B, and C of this chapter and among the authorized programs and projects which are to be implemented, and the allocation of such funds required to implement section 586, including administrative costs of carrying out the responsibilities of the State educational agency under this chapter;

(4) provides for timely public notice and public dissemination of the information provided pursuant to paragraphs (2) and (3);

(5) beginning with fiscal year 1984, provides for an annual evaluation of the effectiveness of programs assisted under this chapter, which shall include comments of the advisory committee, and shall be made available to the public; and

(6) provides that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the Secretary under this chapter); and

(7) contains assurances that there is compliance with the specific requirements of this chapter.

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(b) An application filed by the State under subsection (a) shall be for a period not to exceed three fiscal years, and may be amended annually as may be necessary to reflect changes without filing a new application.

ALLOCATION TO LOCAL EDUCATIONAL AGENCIES

SEC. 565. (a) From the sum made available each year under section 563, the State educational agency shall distribute not less than 80 per centum to local educational agencies within such State according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as—

(1) children from low-income families,

(2) children living in economically depressed urban and rural areas, and

(3) children living in sparsely populated areas.

(b) The Secretary shall approve criteria suggested by the State educational agency for adjusting allocations under subsection (a) if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to the factors set forth in subsection (a).

(c) From the funds paid to it pursuant to sections 563 and 564 during each fiscal year, the State educational agency shall distribute to each local educational agency which has submitted an application as required in section 566 the amount of its allocation as determined under subsection (a).

LOCAL APPLICATIONS

SEC. 566. (a) A local educational agency may receive its allocation of funds under this chapter for any year in which it has on file with the State educational agency an application which—

(1) sets forth the planned allocation of funds among subchapters A, B, and C of this chapter and for the programs authorized by such subchapters which it intends to support, including the allocation of such funds required to implement section 586;

(2) provides assurances of compliance with provisions of this chapter relating to such programs, including the participation of children enrolled in private, nonprofit schools in accordance with section 586;

(3) agrees to keep such records, and provide such information to the State educational agency as reasonably may be required for fiscal audit and program evaluation, consistent with the responsibilities of the State agency under this chapter; and

(4) in the allocation of funds for programs authorized by this chapter, and in the design, planning, and implementation of such programs, provides for systematic consultation with parents of children attending elementary and secondary schools in the area served by the local agency, with teachers and adminis-

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trative personnel in such schools, and with other groups as may be deemed appropriate by the local educational agency.

(b) An application filed by a local educational agency under subsection (a) shall be for a period not to exceed three fiscal years, may provide for the allocation of funds among programs and purposes authorized by this chapter for a period of three years, and may be amended annually as may be necessary to reflect changes without filing a new application.

(c) Each local educational agency shall have complete discretion, subject only to the provisions of this chapter, in determining how funds the agency receives under this section shall be divided among the purposes of this chapter in accordance with the application submitted under this section.

Subchapter A—Basic Skills Development

USE OF FUNDS

SEC. 571. Funds allocated for use under this subchapter shall be used by State and local educational agencies to develop and implement a comprehensive and coordinated program designed to improve elementary and secondary school instruction in the basic skills of reading, mathematics, and written and oral communication, as formerly authorized by title II of the Elementary and Secondary Education Act of 1965, relating to basic skills improvement, including the special mathematics program as formerly authorized by section 222 of such title.

STATE LEADERSHIP AND SUPPORT SERVICES

SEC. 572. (a) In order to achieve the purposes of this subchapter, State educational agencies may use funds reserved for State programs to make grants to and enter into contracts with local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions—

(1) to carry out planning, research and development, demonstration projects, training of leadership personnel, short term and regular session teacher training institutes; and

(2) for the development of instructional materials, the dissemination of information, and technical assistance to local educational agencies.

Each State educational agency may also use such funds for technical assistance and training for State boards of education.

(b) State educational agencies may support activities designed to enlist the assistance of parents and volunteers working with schools to improve the performance of children in the basic skills. Such activities may include—

(1) the development and dissemination of materials that parents may use in the home to improve their children's performance in those skills; and

(2) voluntary training activities for parents to encourage and assist them to help their children in developing basic skills;

except that such activities conducted in local areas shall be conducted with the approval of and in conjunction with programs of local educational agencies.

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APPENDIX IV

SCHOOL LEVEL PROGRAMS

SEC. 573. (a) In planning for the utilization of funds it allocates for this chapter (from its allotment under section 565) a local educational agency shall provide for the participation of children enrolled in private elementary and secondary schools (and of teachers in such schools) in accordance with section 586. Such plans shall be developed in conjunction with and involve continuing consultation with teachers and principals in such district. Such planning shall include a systematic strategy for improving basic skills instruction for all children which provides for planning and implementation at the school building level, involving teachers, administrators, and (to the extent practicable) parents, and utilizing all available resources in a comprehensive program. The programs shall include—

(1) diagnostic assessment to identify the needs of all children in the school;

(2) the establishment of learning goals and objectives for children and for the school;

(3) to the extent practicable, pre-service and in-service training and development programs for teachers, administrators, teacher aides and other support personnel, designed to improve instruction in the basic skills;

(4) activities designed to enlist the support and participation of parents to aid in the instruction of their children; and

(5) procedures for testing students and for evaluation of the effectiveness of programs for maintaining a continuity of effort for individual children.

(b) The programs described in subsection (a) may include such areawide or districtwide activities as learning centers accessible to students and parents, demonstration and training programs for parents, and other activities designed to promote more effective instruction in the basic skills.

Subchapter B—Educational Improvement and Support Services

STATEMENT OF PURPOSE

SEC. 576. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly, and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title IV, relating to educational improvement, resources, and support, title V, relating to State leadership, title VI, relating to emergency school aid, of the Elementary and Secondary Education Act of 1965, section 3(a)(1) of the National Science Foundation Act of 1950, relating to precollege science teacher training, and part A and section 532 of title V of the Higher Education Act of 1965, relating to the Teacher Corps and teacher centers, in accordance with the planned allocation of funds set forth in the applications under sections 564 and 566, in conformity with the other requirements of this chapter.

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AUTHORIZED ACTIVITIES

SEC. 577. Programs and projects authorized under this subchapter include—

(1) the acquisition and utilization—

(A) of school library resources, textbooks, and other printed and published instructional materials for the use of children and teachers in public and private elementary and secondary schools which shall be used for instructional purposes only, and

(B) of instructional equipment and materials suitable for use in providing education in academic subjects for use by children and teachers in elementary and secondary schools which shall be used for instructional purposes only,

which take into account the needs of children in both public and private schools based upon periodic consultation with teachers, librarians, media specialists, and public school officials;

(2) the development of programs designed to improve local educational practices in elementary and secondary schools, and particularly activities designed to address educational problems such as the education of children with special needs (educationally deprived children, gifted and talented children, including children in private schools);

(3) programs designed to assist local educational agencies, upon their request, to more effectively address educational problems caused by the isolation or concentration of minority group children in certain schools if such assistance is not conditioned upon any requirement that a local educational agency which assigns students to schools on the basis of geographic attendance areas adopt any other method of student assignment, and that such assistance is not made available for the transportation of students or teachers or for the acquisition of equipment for such transportation;

(4) comprehensive guidance, counseling, and testing programs in elementary and secondary schools and State and local support services necessary for the effective implementation and evaluation of such programs (including those designed to help prepare students for employment);

(5) programs and projects to improve the planning, management and implementation of educational programs, including fiscal management, by both State and local educational agencies, and the cooperation of such agencies with other public agencies;

(6) programs and projects to assist in teacher training and in-service staff development, particularly to better prepare both new and in-service personnel to deal with contemporary teaching and learning requirements and to provide assistance in the teaching and learning of educationally deprived students; and

(7) programs and projects to assist local educational agencies to meet the needs of children in schools undergoing desegregation and to assist such agencies to develop and implement plans for desegregation in the schools of such agencies.

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APPENDIX IV

Subchapter C—Special Projects

STATEMENT OF PURPOSE

SEC. 581. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title III, relating to special projects, title VIII, relating to community schools, and title V (except part C), relating to gifted and talented children, educational proficiency standards, safe schools program, and ethnic heritage program, of the Elementary and Secondary Education Act of 1965, the Career Education Incentive Act, and part B of title V of the Economic Opportunity Act of 1964, relating to Follow Through programs, in accordance with the planned allocation of funds set forth in the applications under sections 564 and 566, in conformity with the other requirements of this chapter.

AUTHORIZED ACTIVITIES

SEC. 582. Programs and projects authorized under this subchapter include—

(1) special projects (as may be determined to be desirable by the State or local educational agencies) in such areas as—

(A) preparation of students to use metric weights and measurements when such use is needed;

(B) emphasis on the arts as an integral part of the curriculum;

(C)(i) in-school partnership programs in which the parents of school-age children participate to enhance the education and personal development of the children, previously authorized by part B of the Headstart-Follow Through Act;

(ii) preschool partnership programs in which the schools work with parents of preschool children in cooperation with programs funded under the Headstart-Follow Through Act;

(D) consumer education;

(E) preparation for employment, the relationship between basic academic skill development and work experience, and coordination with youth employment programs carried out under the Comprehensive Employment and Training Act;

(F) career education previously authorized by the Career Education Incentive Act;

(G) environmental education, health education, education about legal institutions and the American system of law and its underlying principles, and studies on population and the effects of population changes;

(H) academic and vocational education of juvenile delinquents, youth offenders, and adult criminal offenders; and

(I) programs to introduce disadvantaged secondary school students to the possibilities of careers in the biomedical

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and medical sciences, and to encourage, motivate, and assist them in the pursuit of such careers;

(2) the use of public education facilities as community centers operated by a local education agency in conjunction with other local governmental agencies and community organizations and groups to provide educational, recreational, health care, cultural, and other related community and human services for the community served in accordance with the needs, interests, and concerns of the community and the agreement and conditions of the governing board of the local educational agency; and

(3) additional programs, including—

(A) special programs to identify, encourage, and meet the special educational needs of children who give evidence of high performance capability in areas such as intellectual, creative, artistic, leadership capacity, or specific academic fields, and who require services or activities not ordinarily provided by the school in order to fully develop such capabilities;

(B) establishment of educational proficiency standards for reading, writing, mathematics, or other subjects, the administration of examinations to measure the proficiency of students, and implementation of programs (coordinated with those under subchapter A of this chapter) designed to assist students in achieving levels of proficiency compatible with established standards;

(C) programs designed to promote safety in the schools and to reduce the incidence of crime and vandalism in the school environment;

(D) planning, developing, and implementing ethnic heritage studies programs to provide all persons with an opportunity to learn about and appreciate the unique contributions to the American national heritage made by the various ethnic groups, and to enable students better to understand their own cultural heritage as well as the cultural heritage of others; and

(E) programs involving training and advisory services under title IV of the Civil Rights Act of 1964.

Subchapter D—Secretary's Discretionary Funds

DISCRETIONARY PROGRAM AUTHORIZED

SEC. 583. (a) From the sums reserved by the Secretary pursuant to the second sentence of section 563(a) the Secretary is authorized to carry out directly or through grants to or contracts with State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions, programs and projects which—

(1) provide a national source for gathering and disseminating information on the effectiveness of programs designed to meet the special educational needs of educationally deprived children, and others served by this subtitle, and for assessing the needs of such individuals, including programs and projects formerly authorized by section 376 of the Elementary and Second-

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ary Education Act of 1965 and programs and projects formerly funded under the "National Diffusion Network" program;

(2) carry out research and demonstrations related to the purposes of this subtitle;

(3) are designed to improve the training of teachers and other instructional personnel needed to carry out the purposes of this subtitle; or

(4) are designed to assist State and local educational agencies in the implementation of programs under this subtitle.

(b) From the funds reserved for the purposes of this section, the Secretary shall first fund—

(1) the Inexpensive Book Distribution Program (as carried out through "Reading is Fundamental") as formerly authorized by part C of title II of the Elementary and Secondary Education Act of 1965,

(2) the programs of national significance in the "Arts in Education" Program as formerly authorized by part C of title III of such Act, and

(3) programs in alcohol and drug abuse education as formerly authorized by the Alcohol and Drug Abuse Education Act,

at least in amounts necessary to sustain the activities described in this sentence at the level of operations during fiscal year 1981, and then utilize the remainder of such funds for the other authorized activities described in subsection (a).

Subchapter B—General Provisions

MAINTENANCE OF EFFORT; FEDERAL FUNDS SUPPLEMENTARY

SEC. 585. (a)(1) Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this chapter for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the preceding fiscal year was not less than 90 per centum of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(2) The Secretary shall reduce the amount of the allocation of funds under this chapter in any fiscal year in the exact proportion to which the State fails to meet the requirements of paragraph (1) by falling below 90 per centum of both the fiscal effort per student and aggregate expenditures (using the measure most favorable to the State), and no such lesser amount shall be used for computing the effort required under paragraph (1) for subsequent years.

(3) The Secretary may waive, for one fiscal year only, the requirements of this subsection if he determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

(b) A State or local educational agency may use and allocate funds received under this chapter only so as to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds made available under this chapter, be made available from non-Federal sources, and in no case may such funds be used so as to supplant funds from non-Federal sources.

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(c) The Secretary is specifically authorized to issue regulations to enforce the provisions of this section.

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

SEC. 586. (a)(1) To the extent consistent with the number of children in the school district of a local educational agency which is eligible to receive funds under this chapter or which serves the area in which a program or project assisted under this chapter is located who are enrolled in private nonprofit elementary and secondary schools, or with respect to instructional or personnel training programs funded by the State educational agency from funds reserved for State use under section 565, such agency after consultation with appropriate private school officials, shall provide for the benefit of such children in such schools secular, neutral, and nonideological services, materials, and equipment including the participation of the teachers of such children (and other educational personnel serving such children) in training programs, and the repair, minor remodeling, or construction of public facilities as may be necessary for their provision (consistent with subsection (c) of this section), or, if such service, materials, and equipment are not feasible or necessary in one or more such private schools as determined by the local educational agency after consultation with the appropriate private school officials, shall provide such other arrangements as will assure equitable participation of such children in the purposes and benefits of this chapter.

(2) If no program or project is carried out under subsection (a)(1) of this section in the school district of a local educational agency, the State educational agency shall make arrangements, such as through contracts with nonprofit agencies or organizations, under which children in private schools in that district are provided with services and materials to the extent that would have occurred if the local educational agency had received funds under this chapter.

(3) The requirements of this section relating to the participation of children, teachers, and other personnel serving such children shall apply to programs and projects carried out under this chapter by a State or local educational agency, whether directly or through grants to or contracts with other public or private agencies, institutions, or organizations.

(b) Expenditures for programs pursuant to subsection (a) shall be equal (consistent with the number of children to be served) to expenditures for programs under this chapter for children enrolled in the public schools of the local educational agency, taking into account the needs of the individual children and other factors which relate to such expenditures, and when funds available to a local educational agency under this chapter are used to concentrate programs or projects on a particular group, attendance area, or grade or age level, children enrolled in private schools who are included within the group, attendance area, or grade or age level selected for such concentration shall, after consultation with the appropriate private school officials, be assured equitable participation in the purposes and benefits of such programs or projects.

(c)(1) The control of funds provided under this chapter and title to materials, equipment, and property repaired, remodeled, or constructed therewith shall be in a public agency for the uses and pur-

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poses provided in this chapter, and a public agency shall administer such funds and property.

(2) The provision of services pursuant to this section shall be provided by employees of a public agency or through contract by such public agency with a person, an association, agency, or corporation who or which, in the provision of such services, is independent of such private school and of any religious organizations, and such employment or contract shall be under the control and supervision of such public agency, and the funds provided under this chapter shall not be commingled with State or local funds.

(d) If by reason of any provision of law a State or local educational agency is prohibited from providing for the participation in programs of children enrolled in private elementary and secondary schools, as required by this section, the Secretary shall waive such requirements and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this section.

(e)(1) If the Secretary determines that a State or a local educational agency has substantially failed or is unwilling to provide for the participation on an equitable basis of children enrolled in private elementary and secondary schools as required by this section, he may waive such requirements and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this section.

(2) Pending final resolution of any investigation or complaint that could result in a determination under this subsection or subsection (d), the Secretary may withhold from the allocation of the affected State or local educational agency the amount he estimated would be necessary to pay the cost of those services.

(f) Any determination by the Secretary under this section shall continue in effect until the Secretary determines that there will no longer be any failure or inability on the part of the State or local educational agency to meet the requirements of subsections (a) and (b).

(g) When the Secretary arranges for services pursuant to this section, he shall, after consultation with the appropriate public and private school officials, pay the cost of such services, including the administrative costs of arranging for those services, from the appropriate allotment of the State under this chapter.

(h)(1) The Secretary shall not take any final action under this section until the State educational agency and the local educational agency affected by such action have had an opportunity, for at least forty-five days after receiving written notice thereof, to submit written objections and to appear before the Secretary or his designee to show cause why that action should not be taken.

(2) If a State or local educational agency is dissatisfied with the Secretary's final action after a proceeding under paragraph (1) of this subsection, it may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based this action, as provided in section 2112 of title 28, United States Code.

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(3) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(4) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(i) Any bypass determination by the Secretary under titles II through VI and VIII and IX of the Elementary and Secondary Education Act of 1965 prior to the effective date of this chapter shall remain in effect to the extent consistent with the purposes of this chapter.

REPEALS

SEC. 587. (a) Effective October 1, 1982, the provisions of—

(1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965;

(2) part A and section 532 of title V of the Higher Education Act of 1965;

(3) the Alcohol and Drug Abuse Education Act; and

(4) the Career Education Incentive Act;

are repealed.

(b) Effective October 1, 1984, subchapter C of chapter 8 of subtitle A of title VI of this Act, relating to Follow-Through programs is repealed.

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APPENDIX V

NONREGULATORY GUIDANCE FOR CHAPTER 2: PUBLIC INVOLVEMENT

STATE ADVISORY COMMITTEE

Statutory Requirement

See Section 564(a)(2) of Chapter 2, Appendix A at 2.

Regulatory Requirement

See §298.6 of the final regulations, Appendix B at 6.

Questions and Answers

10. What is the role of the State Advisory Committee?

See Section 564(a)(2) of Chapter 2, Appendix A at 2; and §298.6(c) of the final regulations, Appendix B at 6.

11. Does the State Advisory Committee deal with Chapter 2 only?

As Section 564(a)(2) of Chapter 2 (Appendix A at 2) and §298.6(c) of the final regulations (Appendix B at 6) provide, the only statutory responsibilities of the State Advisory Committee relate to Chapter 2.

12. Does the State Advisory Committee advise on the use of Chapter 2 funds distributed to LEAs under Section 565(a)?

No. The State Advisory Committee advises only on use of the Chapter 2 funds reserved for a State's use under Section 565(a) of Chapter 2, and on the formula for distributing the LEAs' funds. It does not advise on the use by LEAs of their Chapter 2 allocations.

13. May the State Advisory Committee mandate educational priorities for a State's use of its Chapter 2 funds?

According to Section 564(a)(2) of Chapter 2 (Appendix A at 2), the State Advisory Committee's function is purely advisory. Therefore, although it must advise the SEA on the allocations of Chapter 2 funds reserved for the State's use under Section 565(a) of Chapter 2, the State Advisory Committee may not mandate educational priorities.

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14. Is the State Advisory Committee required to advise the SEA on how the funds reserved for a State's use are to be expended?

Yes. The State Advisory Committee should, to discharge its responsibility under Section 564(a)(2) of Chapter 2 (Appendix A at 2), make

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NOTE: The references to Appendix A and B apply to the Nonregulatory Guidance document. Appendix A is our Appendix IV.

specific recommendations to the SEA on how the funds reserved for a State's use are to be expended. In other words, the State Advisory Committee cannot merely give the SEA complete discretion to spend those funds. The State Advisory Committee may, of course, approve allocations recommended by the SEA. As stated in question #13, however, the State Advisory Committee cannot mandate that its recommendations be accepted.

15. To what extent does the State Advisory Committee advise the SEA concerning the evaluation of State programs?

Section 564(a)(2) of Chapter 2 (Appendix A at 2) requires the State Advisory Committee to advise the SEA on the evaluation of State programs assisted under Chapter 2. This requirement applies only to those Chapter 2 programs operated with Chapter 2 funds reserved for the State's use. As a result, it does not apply to Chapter 2 programs operated with funds allocated to LEAs. However, Section 564(a)(5) of Chapter 2 (Appendix A at 3) directs that the evaluation required by that section, which does apply to programs operated with funds allocated to LEAs, include comments of the State Advisory Committee.

16. May the State Board of Education be the State Advisory Committee?

Yes, as long as the conditions set forth in §298.6(b) of the final regulations (Appendix B at 6) are met.

17. How many members must there be on the State Advisory Committee?

The Chapter 2 statute establishes no maximum or minimum number of members. It does require that the State Advisory Committee meet the representation requirements of Section 564(a)(2) of Chapter 2 (Appendix A at 2). One person, however, may represent more than one of the listed groups.

18. Must "persons representative of" the groups listed in Section 564(a)(2) of Chapter 2 actually be members of those groups (e.g., students)?

Not necessarily. Section 564(a)(2) of Chapter 2 (Appendix A at 2) requires that the State Advisory Committee be broadly representative of the educational interests and the general public in the State, including persons representative of the groups listed in (A)-(G). Thus, although all the interests must be represented, it is not essential that members of those groups be named for every category as long as those named can be reasonably deemed to represent their category.

19. May the expenses of a State Advisory Committee be charged against the Chapter 2 funds reserved for State use?

Section 564(a)(3) of Chapter 2 (Appendix A at 2-3) provides for the payment of an SEA's administrative costs out of Chapter 2 funds. The

expenses incurred by a State Advisory Committee in carrying out its functions under Section 564(a)(2) are administrative costs that may be paid from the Chapter 2 funds reserved for State use.

20. What expenses incurred by a State Advisory Committee are allowable costs?

There must be a direct relationship between the costs incurred for a Chapter 2 project and the authorized purposes of that project. Thus, the expenses incurred by a State Advisory Committee should be consistent with the authorized functions of the committee under Section 564(a)(2) of Chapter 2 to advise the SEA through a process of "active and continuing consultation." Within this framework, SEAs have considerable flexibility in determining what expenses of the State Advisory Committee are allowable.

21. May costs incurred for expenses of the State Advisory Committee prior to July 1, 1982 be charged to the State's Chapter 2 account after July 1, 1982?

Yes. See the preamble of the final regulations, Appendix B at 1.

22. May a State receive a Chapter 2 grant if it does not establish a State Advisory Committee?

No. Section 564(a)(2) of Chapter 2 (Appendix A at 2) and §298.6(a) of the final regulations (Appendix B at 5) in effect require any State that desires to receive a grant under Chapter 2 to establish a State Advisory Committee.

* * *

31. Must an LEA consult with parents, teachers, and administrative personnel in developing its Chapter 2 applications?

Yes. See Section 566(a)(4) of Chapter 2, Appendix A at 4; §298.7(c) of the final regulations, Appendix B at 6.

32. What standards constitute the "systematic consultation with parents" required by Section 566(a)(4) of Chapter 2?

It is the responsibility of each LEA to define, based on local needs and circumstances, what standards constitute "systematic consultation with parents." However, "systematic consultation" normally would be an ongoing process that is open to all interested persons and is calculated to provide advice within a time frame that can affect the ultimate decision.

33. What types of information could an LEA provide to parents in order to facilitate effective parent participation in Chapter 2 programs?

Meaningful parent involvement requires adequate information upon which to base that involvement. LEAs may wish to consider providing parents, or making available to parents--in an ongoing, timely, and adequate manner--proposed and final project applications, needs assessment documents, project plans, budgetary information, evaluation data, local, State, and Federal laws, regulations, and guidelines, and any other Chapter 2 information needed for full, effective parent participation.

34. Is the requirement for "systematic consultation" with parents, teachers, and administrative personnel satisfied by holding an official, public meeting of the local school board to discuss how Chapter 2 funds are to be spent?

Section 566(a)(4) of Chapter 2 (Appendix A at 4) states that consultation involves the allocation of funds and the design, planning, and implementation of Chapter 2 programs. Although the form of consultation is a matter for local decision, Congress appears to have contemplated additional consultation beyond, or supplemental to, standard local practice exemplified by school board meetings. If an LEA does choose to make the local school board the vehicle for such consultation, Chapter 2 should be a standing item on the board's agenda for all public meetings.

THE NATIONAL COMMITTEE FOR CITIZENS IN EDUCATION

(NCCE)

The established purpose of the National Committee for Citizens in Education is to improve the education of children by mobilizing and assisting citizens -- including parents -- to strengthen public schools. NCCE is an advocate for citizens and helps them gain and use information and skills to influence the quality of public schools.

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September 1983

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